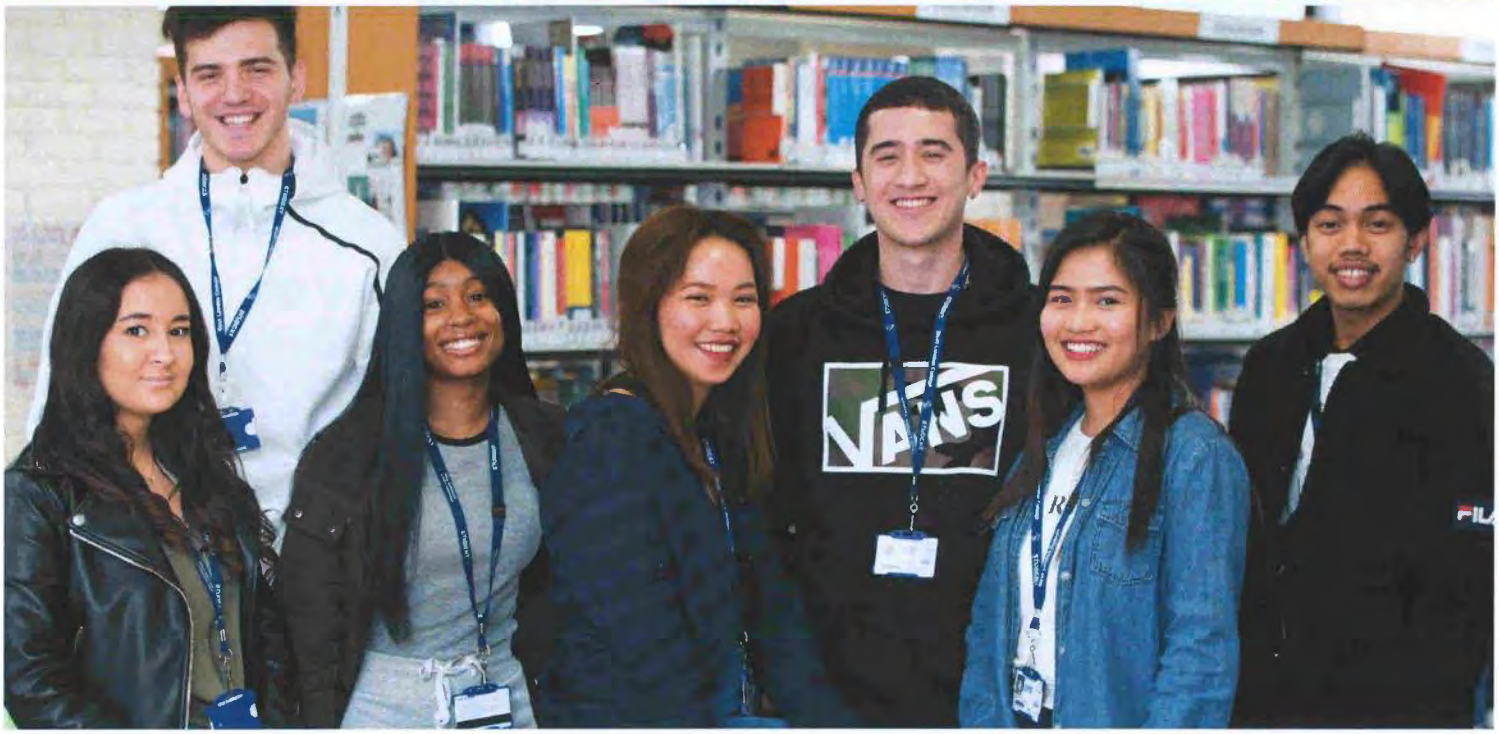
REPORT AND FINANCIAL STATEMENTS

for year ended 31 July 2019



Ealing, Hammersmith & West London College

West London College

wlc.ac.uk

Hammersmith & Fulham College

Ealing Green College

Southall Community College

Park Royal College

West London Construction Academy

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 2018/19:

Karen Redhead	–	CEO and Principal; Accounting Officer (appointed 03.09.18)
Anil Nagpal	–	COO (appointed 11.03.19)
David Warnes	–	Deputy Principal Business Development and Marketing and Managing Director of Evolve Learning Ltd (appointed 04.06.18)
Graham Morley	–	Interim CEO and Accounting Officer (appointed 6.7.18, left 02.09.18)
Janet Gardner	–	Executive Director (left 23.09.18)
Paul James	–	Deputy Principal, Curriculum and Quality (appointed 03.01.19, left 05.03.19)
Andrew Smith	–	Interim Deputy Principal (appointed 17.09.18, left 02.01.19. reappointed 11.03.19, left 11.07.19)

Board of Governors

A full list of Governors is given on page 19-20 of these financial statements.

Mr K Scribbins acted as Clerk to the Governing Body from 01 August 2018 until 17 October 2018; Ra Hamilton-Burns was interim Clerk from 18 October until 31 January 2019. Thereafter David Round was Clerk to the governors.

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
Mazars LLP (from 18.2.19)
Tower Bridge House, St Katharine's Way, London, E1W 1DD

Bankers:

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

Solicitors:

Mills and Reeve LLP
78-84 Colmore Row, Birmingham, B3 2AB

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 2019.

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.

Current Mission, Vision, Values and Strategic Objectives

A new strategic plan was 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 was a refresh of the College's mission statement, vision statement, corporate values, strategic objectives, KPIs and an accompanying and robust risk register. The plan seeks to serve the College into the future, supporting the rapid change needed to re-establish the College as not only a financially sustainable organisation but one that can flourish and thrive. Following consultation, the new strategic plan for the period 2019 to 2024 was approved by the Corporation on 17 October 2019, as follows: -

Mission Statement:

To inspire learning and improve lives through education, training and skills development that supports social and economic success for our students, businesses and communities across West London.

Vision Statement:

To be the leading college in West London for technical and vocational education and skills training.

Core Values:

- **Ambition**: We will strive to be the best in all areas of strategic importance to the College, enabling our learners, employers and staff to achieve high expectations and ambitious goals.
- **Integrity**: We will be open, honest, fair and respectful, doing what we believe is right and will lead to success for our learners, employers and the College.
- **Accountability**: We will all take personal responsibility for driving success, overcoming barriers and finding solutions. We will be constantly learning and developing.
- **Inclusion**: We will be welcoming, supportive and our commitment to equality and diversity will underpin everything we do.

Strategic Objectives:

Financial Objectives

- Achieve **financial health score** of Good by 20/21 strengthening further over the duration of the plan
- Maintain a **positive cashflow** budget by 19/20, with a balance of at least £2m by 21/22 strengthening further to £3m by 23/24
- Establish and maintain a minimum of 30 **cash days in hand** by 21/22, increasing to 40 by 23/24
- Achieve **staffing cost** of 65% of income by 20/21 reducing further to 60% by 22/23 and thereafter
- Achieve a **surplus (EBITDA)** of at least 2% by 21/22, increasing further to 3.5% by 23/24
- Improve the **adjusted current ratio** to at least 1.2 by 19/20, increasing further to 1.7 by 23/24
- Maintain a level of **borrowing** not exceeding 20% of income by the end of this plan
- Improve **capital expenditure** each year to £700k by 23/24

Business Development Objectives

- Grow **apprenticeships and supported internships** in line with regional and national priorities, with a focus on improving social mobility and inclusion
- Strengthen relationships with **Jobcentre Plus and other agencies** to grow and develop Sector Based Work Academies and other pre-employment training opportunities to support adults with low skills to progress into local and regional employment
- Build outstanding **employer partnerships** that enable employers to influence and contribute to curriculum design, development and delivery in line with their needs
- Align the curriculum to **Skills for Londoners** devolved priorities of
    - Apprenticeships
    - Social mobility / inclusive growth agenda
    - Low wage, low skills
    - ESOL, English, maths and digital skills
    - SEND
    - L4 and L5 delivered in colleges
    - T levels
    - Priority sectors
- Grow **AEB GLA** income where there are opportunities to do so
- Focus on growth in key **GLA/LEAP priority sectors** in West London
    - Construction / infrastructure
    - Hospitality, catering, food production
    - Digital, creative, clean tech
    - Health, care services
- Build and maintain relationships with **key partners** including

  - West London Business
  - West London Alliance
  - Capital West London
  - Berkeley Group
  - Heathrow / HS2
  - Greater London Authority / LEAP
  - West London NHS Trusts / HEE
- Continue to horizon scan for **bids and tender opportunities** that meet the strategic priorities of the College and provide opportunities for growth
- Diversify income by significant expansion of full-cost **commercial training** and opportunities to grow international work
- Continue to build partnerships with **subcontractors** where funding rules permit, and it is beneficial to the College's strategic direction
- Strengthen links with local **schools and the wider community** to support growth in 16-18 and apprenticeship programmes

Curriculum Objectives

- Increase the number of **16-19 year old learners**, particularly from **Ealing** schools
- Increase the proportion of 16-19 learners on **level 3 programmes**
- Develop content and delivery models for **levels 1 and 2 programmes** to better prepare learners for **progression** and study beyond those levels
- Align the curriculum to **Skills for Londoners** devolved priorities of
  - Apprenticeships
  - Social mobility / inclusive growth agenda
  - Low wage, low skills
  - ESOL, English, maths and digital skills
  - SEND
  - L4 and L5 delivered in colleges
  - T levels
  - Priority sectors
- Grow **AEB GLA** income where there are opportunities to do so
- Sharply focus curriculum growth in key **GLA/LEAP priority sectors** in West London
  - Construction / infrastructure
  - Hospitality, catering, food production
  - Digital, creative, clean tech
  - Health, care services
- Further develop provision for learners with **learning difficulties and/or disabilities** to ensure good progression routes including supported internships and apprenticeships
- Continue to promote and support **inclusion and community cohesion** through ongoing development of Skills Pathways programmes, teaching English language to those whose first language is not English and engaging with the hardest to reach communities
- Work with our **employer partners** to ensure learners have opportunities to work with up to date equipment and resources related to the world of work in industry settings

- Provide our students with a competitive advantage evident through the development of strong **employability skills**
- Respond to changes in the **construction sector** by developing, in partnership with Berkeley Homes and other key stakeholders, a new range of programmes to meet local construction training needs
- Develop our **higher education** curriculum offer to ensure it is employment focused
- Continue to increase the proportion of learning delivered online and to make best use of technology to enable learners to have access to high quality **e-learning** resources

Quality Objectives

- Maintain **high achievement rates** on **classroom** based programmes and improve pockets that are not yet high enough
- Increase overall and timely **apprenticeship achievement rates** to above the national rates
- Improve positive **value added** scores of 16-19 year olds
- Strengthen the **target setting** processes for all learners enabling them to achieve aspirational targets and goals and supporting their next steps
- Increase the proportion of learners progressing into **positive destinations** including sustained employment
- Regularly review the **standard** of **teaching, learning and assessment** and ensure that effective processes are in place to continuously improve
- Continue to develop, support and extend the **learner voice** strategy
- Achieve the **Gatsby** good career benchmarks
- Achieve at least good overall in the next **Ofsted** inspection

Workforce & HR Objectives

- Achieve 65% **staffing cost to income ratio** by 20/21 at the latest, improving further over the duration of the plan
- Fully adopt the **AoC Mental Health Charter**
- Establish a forum to strengthen the **staff voice** and to identify and implement actions to support high staff morale
- Continue with the **ILM coaching** training and qualifications in order to support the core values of ambition and accountability and to change the College culture to one of empowerment and ownership
- Seek out opportunities to identify and develop staff who have the **potential to progress** in their careers
- Make full use of the **apprenticeship levy** to support staff in new roles

Estates Objectives

- In addition to the business development and curriculum strategic objectives to grow the offer for 16-18 year olds at **Ealing Green College**, also sub-let surplus space on the site in order to improve space utilisation and generate an additional income stream

- Dispose of surplus space on the **Southall Community College** site in order to improve space utilisation and generate a capital receipt.
- Deliver the **Hammersmith Gateway** capital project on time and within budget in order to improve space utilisation, generate a capital receipt and radically improve facilities on this site [note: subject to the three conditions noted in Going Concern]
- Grow the construction provision at **Park Royal College** and sub-let surplus space in order to generate an additional income stream.
- Review **Park Royal College** options in advance of the break clause point in the lease, if the facility continues to require a subsidy
- Develop and grow the construction provision at **West London Construction Academy** in order to create a vibrant centre that is fully meeting the needs and expectations of all key stakeholders including Berkeley Homes and its supply chain (KPI included within curriculum section of the plan)

Public Benefit

Ealing, Hammersmith & West London College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. Members of the Governing Body, who are trustees of the charity, are disclosed on page 19-20.

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.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High quality teaching and assessing
- Widening participation and tackling social exclusion
- Excellent student progression into employment
- Strong student support processes and systems
- Good links with employers, industry and commerce
- Good links with key external bodies including local authorities, the Greater London Authority (GLA) and the local enterprise partnership (LEAP)

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%	89.7%
Achievement of AEB funding target	100%	99%
EBITDA Education specific	£(2,515,000)	£(2,927,000)
Staffing costs as a % of income (excluding subcontracted income)	75.95%	71.97%
Liquidity and Borrowing ratios (borrowing as a % of income)	36.49%	34.56%

Staff utilisation	98%	Circa 94%
Cash days in hand	13.1	34.34

The College is assessed by the Education and Skills Funding Agency ("ESFA") as having an "Inadequate" financial health grading (2017/18: Financial Health grading was "Inadequate").

FINANCIAL POSITION

Financial results

The College incurred a £7,335k deficit before other gains and losses (2017/18 – deficit of £10,874k). The deficit for the year is £8,051k (2017/18 – deficit of £12,875k) after accounting for impairment of assets charge of £1,271k and profit on disposal of assets of £555k. The reported deficit includes a number of historic issues. The total income was £31.8 million in 2018/19 (2017/18 - £30.5 million). The biggest single cause for the increase in income from £30.5 million in 2017/18 to £31.8 million in 2018/19 was predominantly due to an increase in funding body grants of £0.8 million and other income of £0.4 million. The College achieved 99% of its Adult Education Budget contract to ensure it remained within the expected levels of tolerance resulting in no adverse impact on Adult Education Income in 2018/19.

The College has accumulated reserves of £11,315k (2017/18 - £9,542k) with cash and short term investment balances of £3.3 million (2017/18 - £0.5 m). It has a loan with Barclays that is secured on the Ealing campus. The balance outstanding at 31 July 2019 was £2.5m. Quarterly capital repayments with interest at an interest rate of 8.28% will end on September 2024.

During the year the College took the decision to stop the Hammersmith development project for the foreseeable future. There are currently three principal uncertainties regarding the viability of the Hammersmith development and its ultimate completion. There is uncertainty over the availability of sufficient funding. The College has applied for GLA funding and remains on the reserve list. 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. Until these matters are resolved and the financial sustainability of the College achieved, the College will not proceed further with the Hammersmith development.

Therefore, the costs relating to the development in prior years, £8.6m, have been written off to the I&E account as a debtor is no longer recoverable. This, together with the adjustments for reversal of impairment and associated depreciation, have been accounted for in 2018/19 when the stop decision was taken. The net impact of these adjustments amount to £1.9m.

Tangible fixed asset additions during the year amounted to £2,875k.

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 an increase in cash/cash equivalents of £2.8m in 2018/19 (2017/18 – decrease of £11.1m). The net cashflow from operating activities was (£2.9m) and the net cashflows from investing activities was (£2.2m); the net cashflows from financing activites was £7.8m resulting in increase in cash/cash equivalents of £2.8m. This includes Exceptional Financial Support (EFS) of £8.5m received from the ESFA during 2018/19. The College has made significant progress in 2018/19 in increasing income and reducing costs. Robust actions to drive down costs continue to be implemented. The College is well on the way to achieving financial recovery and the updated financial plan will detail how the College will achieve its target to deliver surpluses and net positive operating cash performance going forwards.

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 £9.1 million (2017/18: £14.9 million).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE TO RESOURCES

Future prospects

The College has a robust and realistic plan for 2019/20 and will continue to build on the achievements of 2018/19 as it continues in its trajectory to achieve a financial turnaround and establish the College on a firmer financial footing. The College will continue to scrutinise all of its income and expenditure items closely to ensure it achieves its financial plan. 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.

The College will continue to analyse its costs with the aim of driving greater efficiencies, to achieve levels that are consistent with sector norms, allowing it to generate operating surpluses and net operating cash going forwards.

The College has received Exceptional Financial Support during 2018/19 from the ESFA of £8.5m. It plans to repay the EFS through a combination of asset sales and improved performance. The timeframe for repayment is to be agreed with the ESFA in the form of a proposed plan that will span a number of years. This will help to consolidate the College's financial position and significantly improve its working capital requirements. This, when combined with the planned efficiency measures, will allow the College to secure its financially sustainability in the long term.

Student numbers

In 2018/19 the College has delivered activity that has produced £22.2 million in funding body main allocation funding (2017/18 – £22.1 million). The College had approximately 11,251

funded and 2,545 self-funded students (2017/18 – 13,265 funded and 2,520 non-funded students)

Student achievements

Student achievement rates in 2018/19 were 89.7%, a reduction compared to 91.5% in 2017/18.

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 2018 to 31st July 2019, the College paid about 32 per cent of its invoices within 30 days.

EVENTS AFTER THE REPORTING PERIOD

The College remains in FE Commissioner-led intervention. The College has made significant progress in the process across a number of key areas and this has been recognised.

The Financial Health Notice to Improve from the ESFA remains in place and the College is tracking well against the key performance indicators. The College continues to work proactively with both the FE Commissioner's office and the ESFA.

The College received Exceptional Financial Support of £8.5m from the ESFA during 2018/19. Additionally, the College has utilised a facility from the ESFA to draw down a further £2.5m in January 2020. The total amount is repayable to the Agency; it is envisaged that this will be repaid through a combination of asset sales and improved performance/efficiencies. The timeframe for repayment is to be agreed with the ESFA in the form of a proposed plan that will span a number of years.

The College continues to maintain excellent, close working relationships with its key stakeholders, which include the intervention agencies and Barclays, who all continue to retain high levels of confidence in the new College leadership team.

The College has received an offer for the sale of part of the site at Southall campus. The sale has been approved by the Board and the sale is likely to be completed in early 2020. This will further consolidate the College's underlying financial position.

An Independent Business Review (IBR) is currently being undertaken to assess how the College may utilise its resources in the most productive and efficient manner.

The Estates Strategy is due to be refreshed pending the outcome of the IBR.

RESOURCES:

Financial

The College has £11,313k of net assets (including £21.8 million pension liability) and long term debt of £14.3 million.

People

The College employs 311 people (expressed as full time equivalents), of whom 115 are teaching staff.

Estate

The College completed a holistic estates strategy, to review the efficiency of the 3 main sites at Hammersmith, Ealing and Southall, and the 2 recently acquired sites that became operational in September 2018 (Park Royal College and the West London Construction Academy). The College is due to refresh its Estates Strategy pending the outcome of the IBR. The Hammersmith development project is stopped until the three issues identified (relating to funding, planning and listing) are progressed.

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 which remains stopped until resolution of the issues identified.

Reputation

The College has a relatively 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 regularly by the Audit Committee and the Senior Leadership Team. 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, came into effect from January 2019. The mechanism for providing Exceptional Financial Support to colleges no longer exists. The College remains in intervention following the issue of the Financial Health Notice to Improve. The College is working closely with the Education and Skills Funding Agency and FE Commissioner's office to ensure that the risks to the College are minimised. In addition to the EFS of £8.5mil received in 2018/19 the College made a further draw down of funding in January 2020 which significantly improves the cash position and the long-term financial sustainability of the College.

2. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2018/19, 73% of the College's revenue was 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

The College has in place a holistic estates strategy, which reviews the efficiency of the 3 main sites at Hammersmith, Ealing and Southall, and the 2 recently acquired sites that became operational in September 2018 (Park Royal College and the West London Construction Academy). The Hammersmith development project is stopped until the three issues identified (relating to funding, planning and listing) are progressed.

The key considerations for the future of the project are space requirements and affordability. The College is not seeking any loan facility to fund the project which remains stopped until resolution of the issues identified. The Finance and General Purpose Committee of the Corporation will closely monitor all matters relating to capital development.

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 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
- Bankers
- 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
7	7

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	7
51-99%	0
100%	0

Percentage of pay bill spent on facility activities

Total cost of facility time	£40,000
Total pay bill	£17,436,000
Percentage of total bill spent on facility time	0.23%

Paid trade union activities

Time spent on paid trad2e union activities as a percentage of total paid facility time	100%

Equal Opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive 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 discrimination. 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 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 also implemented an updated Equality & Diversity training programme which all staff have completed online. 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 a Disability 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 31.01.20 **and signed on its behalf by:**

Ian Comfort

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 2018 to 31st July 2019 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 2019. 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 required 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 required strengthening. The FE Commissioner's team have undertaken regular 'Stock take' visits since the College was placed in supervised status and have reported significant progress in governance standards at the College. A traditional Board and Committee structure is in operation and has brought robust and effective oversight of the College. Regular reviews of board skills have taken place. The membership includes two governors who are qualified accountants, one of whom is an audit specialist; the chair of Finance and General Purposes Committee has senior level experience in corporate finance and the Chair of the Board has extensive experience of financial management in large educational organisations.

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.

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships	Attendance in 2018/19
Ian Comfort (Chair)	13/02/2019	13/02/2021	N/A	Corporation (Chair) Finance & General Purpose Search and Governance Committee	5 of 5 4 of 5 3 of 3
Yvonne Johnson (Vice Chair)	20/12/2018	19/12/2022	N/A	Corporation (Vice Chair) Curriculum, Quality & Performance (Chair) Search and Governance Committee	4 of 5 3 of 3 4 of 4
Karen Redhead (Principal and Chief Executive)	03/09/2018		N/A	Corporation Curriculum, Quality & Performance Finance & General Purpose Search and Governance Committee	9 of 9 3 of 4 6 of 6 4 of 4
Callum Anderson	23/05/2018	22/05/2021	N/A	Corporation Audit Committee Remuneration (Chair)	8 of 9 4 of 4 2 of 2
Peter Chapman	13/02/2019	13/02/2021	N/A	Corporation Finance & General Purpose	5 of 5 4 of 4
Phillip Kerle	13/02/2019	13/02/2021	N/A	Corporation Finance & General Purpose (Chair) Remuneration Search and Governance Committee	2 of 4 4 of 4 2 of 2 2 of 2
Maria Vetrone	13/02/2019	13/02/2021	N/A	Corporation Audit Committee (Chair) (External Co-opted member) Remuneration	4 of 4 4 of 4 1 of 1
David Paine	23/05/2019	22/05/2021	N/A	Corporation Audit Committee	3 of 3 2 of 2
Shawez Mir	02/10/2019	02/10/2021	N/A	Corporation Audit Committee	1 of 1 1 of 1
Roslyn O'Garro (Academic Staff Governor)	21/03/2018	21/03/2021	N/A	Corporation Curriculum, Quality & Performance	9 of 9 4 of 4
Matthew McMahon (Support Staff Governor)	24/11/2019	23/11/2021	N/A	Corporation Curriculum, Quality & Performance	0 of 0 0 of 0
Denise Waldron (Support Staff Governor)	23/11/2016	23/11/2019	23/11/2019	Corporation Curriculum, Quality & Performance	6 of 9 2 of 4
Adrian Asuquo	20/09/2016	20/09/2019	30/09/2019	Corporation Curriculum, Quality & Performance Remuneration	6 of 8 1 of 4 0 of 1
Wasim Mohamed FE Student	04/12/2018	Academic Year	30/07/2019	Corporation Curriculum, Quality & Performance	3 of 5 0 of 2
Uhuru Amani Lambert HE Student	04/12/2018	Academic Year	30/07/2019	Corporation Curriculum, Quality & Performance	4 of 5 1 of 2
Julia Clements-Elliott	01/01/2017	31/12/2020	30/07/2019	Corporation Search and Governance Committee (Chair)	6 of 7 3 of 3
Sundeep Sangha	26/09/2018	26/09/2021	30/07/2019	Corporation Audit Committee Remuneration	4 of 8 3 of 3 1 of 1

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships	Attendance in 2018/19
Cllr. Binda Rai	24/05/2017	24/05/2020	10/05/2019	Corporation Audit Committee (Chair) Curriculum, Quality & Performance Search and Governance Committee	4 of 6 1 of 2 0 of 3 0 of 2
Ray S Hilditch	23/05/2018	22/05/2021	14/03/2019	Corporation Finance & General Purpose	5 of 6 1 of 1
Andrew Baird Interim Chair	1/12/2018	28/02/2019	28/02/2019	Corporation (Chair) Finance & General Purpose Search and Governance Committee	3 of 3 1 of 1 2 of 2
Leila Elsibaie (Academic Staff Governor)	21/03/2018	21/03/2021	30/01/2019	Corporation Curriculum, Quality & Performance	3 of 5 0 of 1
Heather Clay (Vice Chair)	27/03/2017	30/03/2020	31/12/2018	Corporation Curriculum, Quality & Performance (Chair)	2 of 4 1 of 1
Tony Alderman (Chair)	23/10/2014	23/10/2020	20/09/2018	Corporation (Chair) Curriculum, Quality & Performance Finance & General Purpose (Interim Chair) Remuneration (Chair) Search and Governance Committee	0 of 0 0 of 0 0 of 0 0 of 0 0 of 0
Rhea Basista (Academic Staff Governor)	21/03/2018	21/03/2021	05/09/2018	Corporation Curriculum, Quality & Performance	0 of 0 0 of 0
Graham Morley (Interim Chief Executive)	06/07/2018	02/09/2018	02/09/2018	Corporation	0 of 0

Mr K Scribbins acted as Clerk to the Governing Body from 01 August 2018 until 17 October 2018; Ra Hamilton-Burns was interim Clerk from 18 October 2018 until 31 January 2019. Thereafter David Round was Clerk to the governors.

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 2018/19 met eight times.

The Governing Body undertook a strategic review of its governance arrangements in January 2019 under the leadership of the interim Chair of the Corporation and new Clerk. The review established clear governance structures for its work establishing a substantive Finance and General Purposes Committee with new terms of reference and cycle of business. The Search and Development Committee became the Search and Governance Committee, also with new terms of reference and cycle of business. In addition, the Corporation operates a Curriculum, Quality and Performance Committee, Audit Committee and Remuneration Committee. As part of the review of governance, all Corporation committees reviewed their terms of reference and cycle of business which were presented to the Board for approval. The membership of Corporation committee was also reviewed and updated. The Standing Orders of the

Corporation were reviewed and updated. In addition, a new meeting schedule was agreed for 2018/19 and for 2019/20.

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 Chair and Accounting Officer are separate.

Governing Body performance

Remuneration Committee

Throughout the year ending 31 July 2019 the College's Remuneration Committee comprised five members of the Governing Body. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, the Clerk and other key management personnel. The Remuneration Committee met once in 2018/19 in July 2019; the Committee met in December 2019 in the 2019/20 academic year.

The Board adopted the AoC Senior Post Holder Remuneration Code in May 2019 and published the annual statement on the governing body in compliance with the Code in August 2019, following approval by the Remuneration Committee on 10 July 2019. As required by the Code, the Chair of the Corporation is not a member of the Remuneration Committee but may attend by invitation to advise the Committee on the appraisal of senior post holders. The CEO/Principal is not a member of the Committee but may attend by invitation to advise the Committee on relevant performance matters.

Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

Audit Committee

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

The Audit Committee met three times in 2018/19 and twice in 2019/20 up to the point at which this report is being presented to the Governing Body. The Audit Committee 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.

Finance & General Purposes Committee

The Finance & General Purposes Committee met on four occasions in 2018/19; it has met twice in 2019/20 to date. 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.

Curriculum, Quality and Performance Committee

The Curriculum, Quality and Performance Committee met three times in 2018/19. It has convened for one meeting in 2019/20 as at the date of this report's presentation to the governing body.

The Curriculum, Quality and Performance Committee provides assurance to the Corporation that: -

- The curriculum is responding to and meeting the needs of learners, employers and other key stakeholders at a local, regional and, where appropriate, national level.
- Achievement, progress and progression of learners are being monitored against internal targets and that robust plans are in place to improve students' performance to match and exceed those achieved by Colleges nationally.
- Robust systems are in place to monitor standards of teaching, learning and assessment are that appropriate frameworks are in place to effect improvement including performance management.

- The student voice is articulated and reviewed and is used to drive continuous improvement in teaching, learning and assessment.
- That there is continuous improvement of the student academic experience and student outcomes for higher education provision and that the standard of awards are appropriately set and maintained.

Search and Governance Committee

The Search and Governance Committee met five times in 2018/19 and once in the 2019/20 academic year as at the time of writing. A governance improvement plan has been adopted and the Committee has focused on the skills, knowledge and experience of Board members. It is noted that in December 2019 the longest serving governor was appointed 18 months ago and there has been a significant refresh of the membership of the governing body.

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 2019 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 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Senior Leadership Team and 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 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 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 27 February 2020, the Governing Body will carry out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2019, in particular the recommendations of the FE Commissioner and agencies in relation to governance.

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

Going concern

The College has £2.5 million of loans outstanding with the bankers. At year end the College breached one of the covenants with its bankers. This has resulted in the bank issuing a 'reservation of rights' letter for the covenant breach for 2018/19. The bank loan has now been re-classified as a short term loan in these accounts. The College has worked closely with its bankers to demonstrate that it is able to operate effectively. The College's forecasts and financial projections indicate that it will be able to operate within the existing facilities for the foreseeable future.

The College is in supervised status by the ESFA which enables ESFA to provide closer oversight and support. The College prepared a financial recovery plan which was closely monitored by the senior management, the governing body and the agencies. This detailed College actions to significantly reduce its cost base and identify how realistic revenue growth will be achieved. The financial recovery plan has been superseded by an updated Operational Plan as the College moves out of recovery and into normal operating conditions.

The College has received Exceptional Financial Support from the ESFA of £8.5m during 2018/19. This provided sufficient working capital support pending the sale of an asset. More recently in 2019/20, the College has utilised a facility from the ESFA to draw down a further £2.5m to consolidate its financial position. This, when combined with the planned efficiency measures, will allow the College to remain financially viable in the long term. The total amount is repayable to the Agency; it is envisaged that this will be repaid through a combination of asset sales and improved performance/efficiencies. The timeframe for repayment is to be agreed with the ESFA in the form of a proposed plan that will span a number of years.

The adoption of the going concern basis is dependent upon the amounts drawn down from the ESFA and a capital receipt from the imminent asset sale. If the sale did not occur or if the sale was significantly delayed, this would potentially put a strain on the College's cashflow position. This may lead to the College not having sufficient cash reserves to pay liabilities as they fall due and so would not be considered as a going concern. At the time of writing we have signed the documents relating to the sale of part of the Southall site, with completion scheduled for 14 February 2020. This asset sale will further strengthen the College's financial position.

The College considers the likelihood of the asset sale occurring and the capital receipt being received by early 2020 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 31.01.20 **and signed on its behalf by:**

Ian Comfort	**Karen Redhead**
Chair of the Governing Body	**Accounting Officer**

wlc.ac.uk

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 grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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 grant funding agreements and contract with ESFA.

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
Accounting Officer

DATE: 31.01.20

Ian Comfort
Chair of the Governing Body

DATE: 31.01.20

Statement of Responsibilities of the Members of the Governing Body

The members of the Governing Body as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the Governing Body – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation 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 corporation is also required to prepare a Members' Report 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 corporation 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 relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of the college's website; the work carried out by 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 corporation 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation 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 ESFA are not put at risk.

Approved by order of the members of the Governing Body on 31.01.20 **and signed on its behalf by:**

Ian Comfort

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 2019 which comprise the consolidated and college statements of comprehensive income and expenditure, 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 2019 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 has drawn down exceptional financial support of £8.5m from the ESFA during the year and has made an additional draw down of £2.5m in January 2020. The timeframe for repayment is to be agreed with the ESFA. The College is also in breach of banking covenants for its £2.5m bank loans and as a result does not have an unreserved right to defer the repayment of these loans. Management has an expectation, but not confirmation that these facilities will continue to be provided. 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.

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 2018 to 2019 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 Responsibilities of the Members of the Governing Body (set out on pages 28 - 29), 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

Date: 31 January 2020

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	23,238	23,238	22,404	22,404
Tuition fees and education contracts	3	7,261	7,261	7,148	7,148
Other Income	4	1,281	1,281	925	925
Investment income	5	9	9	11	11
Total income		**31,789**	**31,789**	**30,488**	**30,488**
EXPENDITURE					
Staff costs	6	20,575	20,575	24,198	24,198
Other operating expenses	7	15,669	15,669	14,818	14,818
Depreciation	11	2,110	2,110	1,405	1,405
Interest and other finance costs	8	770	770	941	941
Total expenditure		**39,124**	**39,124**	**41,362**	**41,362**
Deficit before other gains and losses		**(7,335)**	**(7,335)**	**(10,874)**	**(10,874)**
Profit on disposal of assets	10	555	555	-	-
Impairment of assets	10	(1,271)	(1,271)	(2,001)	(2,001)
Deficit for the Year		**(8,051)**	**(8,051)**	**(12,875)**	**(12,875)**
Actuarial (loss)/gain in respect of pensions schemes	25	(821)	(821)	6,299	6,299
Total Comprehensive Income for the Year		**(8,872)**	**(8,872)**	**(6,576)**	**(6,576)**

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 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)	-
Balance at 31 July 2018	**(3,984)**	**13,526**	**9,542**
Deficit from the income and expenditure account	(8,052)	-	(8,052)
Other comprehensive income	(821)	-	(821)
Impairment reversal Hammersmith site (note 10)	-	10,646	10,646
Transfers between revaluation and income and expenditure reserves	264	(264)	-
Total comprehensive income for the year	(8,609)	10,382	1,773
Balance at 31 July 2019	**(12,593)**	**23,908**	**11,315**

Consolidated and College Balance sheets as at 31 July 2019

	Notes	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Fixed Assets					
Tangible Fixed Assets	10	55,747	55,747	37,013	37,013
Intangible Assets	11	153	153	192	192
Investments	12	-	-	-	-
		55,900	55,900	**37,205**	**37,205**
Current Assets					
Debtors	13	1,253	1,253	10,447	10,447
Cash at bank and in hand	18	3,285	3,285	508	508
		4,538	**4,538**	**10,956**	**10,956**
Less: Creditors – amounts falling due within one year	14	(11,392)	(11,392)	(9,394)	(9,394)
Net Current Assets		**(6,854)**	**(6,854)**	**1,562**	**1,562**
Total Assets less Current Liabilities		**49,046**	**49,046**	**38,767**	**38,767**
Less: Creditors – amounts falling due after more than one year	15	(14,280)	(14,280)	(9,021)	(9,021)
Provisions					
WLDA Dilapidation Provision	17	(500)	(500)	-	-
Other Provisions	17	(1,234)	(1,234)	(1,336)	(1,336)
Defined Benefit Obligations	17	(21,719)	(21,719)	(18,868)	(18,868)
Total Net Assets		**11,313**	**11,313**	**9,542**	**9,542**
Reserves					
Unrestricted Reserves					
Income and Expenditure including Pension Liability		(12,593)	(12,593)	(3,984)	(3,984)
Revaluation Reserve		23,906	23,906	13,526	13,526
Total Unrestricted Reserves		**11,313**	**11,313**	**9,542**	**9,542**

The financial statements on pages 33 to 62 were approved and authorised for issue by the Governing Body on 31.01.20 and were signed on its behalf on that date by:

K Redhead

Ian Comfort
Chair of the Governing Body

Karen Redhead
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Cash inflow from operating activities			
(Deficit) for the year		(8,052)	(12,875)
Adjustments for non-cash items			
Depreciation		2,109	1,405
Deferred capital grants released to income		-	(988)
FRS102 net pension contribution		-	(757)
Decrease/(increase) in debtors		9,194	(3,935)
Increase in creditors due within one year		1,996	2,945
Increase in creditors due after one year		5,759	-
Decrease in provisions		(102)	(74)
Pensions costs less contributions payable		1,472	3,057
Impairment of assets		(7,512)	2,001
Adjustment for investing or financing activities			
Interest payable		227	326
Interest receivable		(9)	(11)
Profit on sale of fixed assets		(555)	-
Impairment of assets		(7,384)	-
Net cash flow from operating activities		**(2,857)**	**(8,906)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		694	-
Payments made to acquire fixed assets		(2,876)	(1,494)
		(2,182)	**(1,494)**
Cash flows from financing activities			
Interest paid		(279)	(326)
Interest received		9	11
Repayments of amounts borrowed		(414)	(430)
Unsecured loans (EFS)		8,500	-
		7,816	**(745)**
Increase/(Decrease) in cash equivalents in the year		**2,777**	**(11,145)**
Cash and cash equivalents at beginning of the year	18	508	11,653
Cash and cash equivalents at end of the year	18	3,285	508

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 21. 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 2018 to 2019 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 2019.

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 is in Supervised status by the ESFA which enables ESFA to provide closer oversight and support. The College prepared a financial recovery plan which was closely monitored by the senior management, the governing body and the agencies. This detailed College actions to significantly reduce its cost base and identify how realistic revenue growth will be achieved. The financial recovery plan has been superseded by an updated Operational Plan as the College moves out of recovery and into normal operating conditions.

The College has £2.5 million of loans outstanding with the bankers. At year end the College breached one of the covenants with its bankers. This has resulted in the bank issuing a 'reservation of rights' letter for the covenant breach for 2018/19. The bank loan has now been re-classified as a short-term loan in these accounts as the College does not have the unreserved right to defer the repayment of the loan for a period greater than 12 months from the balance sheet date.

The College has received Exceptional Financial Support from the ESFA of £8.5m during 2018/19. More recently in 2019/20, the College has utilised a facility from the ESFA to draw down a further £2.5m and have another £1.5m available to them. The total amount is repayable to the Agency; it is envisaged that this will be repaid through a combination of asset sales and improved performance/efficiencies. The timeframe for repayment is to be agreed with the ESFA in the form of a proposed plan that will span a number of years.

The adoption of the going concern basis is dependent upon the time frame for repayment of the £11m of Exceptional Financial Support and the bank loan. Management has an expectation but not confirmation from the Agency or bank, that the facilities will continue to be provided. If these facilities were withdrawn by the Agency, the College would not have sufficient cash reserves to pay liabilities as they fall due.

The College have concluded that the above circumstances represent a material uncertainty that may cast significant doubt upon the College's ability to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. Nevertheless, after making enquires and considering the uncertainties described above, the College have a reasonable expectation that the College has adequate resources to continue operating for the foreseeable future. Thus, the College continues to adopt the going concern basis in preparing the 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 basic 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 stopped in the foreseeable future to allow the board to reassess all available estate options.
  Currently there are three 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. Until these matters are resolved and the long-term financial sustainability of the College achieved, the College will not proceed further with the Hammersmith development.
- *Going Concern*
  The adoption of the going concern basis is dependent upon the amounts drawn down from the ESFA and a capital receipt from the imminent asset sale. If the sale did not occur or if the sale was significantly delayed, this would potentially put a strain on the College's cashflow position. This may lead to the College not having sufficient cash reserves to pay liabilities as they fall due and so would not be considered as a going concern. At the time of writing we have signed the documents relating to the sale of part of the Southall site, with completion scheduled for 14 February 2020. This asset sale will further strengthen the College's financial position.

Other key sources of estimation uncertainty

- *Impairment of fixed assets*
  The Hammersmith development project is stopped for the foreseeable future. The expenditure relating to the development of £8.7m, currently recognised within other debtors in the financial statements, have been released to the income and expenditure statement. As a result the impairment relating to the site has been reversed. The value

of the impaired assets has been returned to pre-impairment values. This has led to additional depreciation charges of £663k for the current year.

- *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 2019. 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 2019		Year ended 31 July 2018	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent Grants				
Education and Skills Funding Agency - adult	11,364	11,364	10,677	10,677
Education and Skills Funding Agency - 16 -18	10,167	10,167	9,863	9,863
Education and Skills Funding Agency - apprenticeships	668	668	817	817
Higher Education Funding Council	39	39	59	59
Specific Grants				
Releases of government capital grants	1,000	1,000	988	988
Total	**23,238**	**23,238**	**22,404**	**22,404**

3 Tuition fees and education contracts

	Year ended 31 July 2019		Year ended 31 July 2018	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult Education Fees	2,704	2,704	3,020	3,020
Fees for FE Loan Supported Courses	929	929	809	809
Fees for HE Loan Supported Courses	11	11	602	602
International Students Fees	-	-	12	12
Total Tuition Fees	**3,644**	**3,644**	**4,443**	**4,443**
Education Contracts	3,617	3,617	2,705	2,705
Total	**7,261**	**7,261**	**7,148**	**7,148**

4 Other Income

	Year ended 31 July 2019		Year ended 31 July 2018	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and Residences	563	563	18	18
Other Income Generating Activities	664	664	713	713
Miscellaneous income	54	54	195	195
Total	**1,281**	**1,281**	**926**	**926**

5 Investment income

	Year ended 31 July 2019		Year ended 31 July 2018	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	9	9	11	11
Total	**9**	**9**	**11**	**11**

6 Staff costs - Group and College

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

	2019	2018
	No.	No.
Teaching staff	115	141
Non-teaching staff	196	212
	311	**353**

Staff costs for the above persons	2019	2018
	£'000	£'000
Wages and salaries	13,028	14,644
Social security costs	1,317	1,495
Other Pension Costs	3,090	3,032
Payroll sub total	**17,435**	**19,171**
Contracted out staffing services	3,096	4,704
	20,531	**23,875**
Restructuring costs - Contractual	44	323
Total Staff costs	**20,575**	**24,198**

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 Executive Team which comprises the CEO and Executive Directors. Staff costs include compensation paid to key management personnel for loss of office in 2018 only. No compensation for loss of office was paid in 2019.

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

	2019	2018
	No.	No.
The number of key management personnel including the Accounting Officer was:	**7**	**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	
	2019	2018	2019	2018
	No.	No.	No.	No.
£25,001 to £30,000	1	-	-	-
£55,001 to £60,000	-	1	-	-
£65,001 to £70,000	-	-	2	-
£70,001 to £75,000	1	-	-	-
£75,001 to £80,000	3	5	-	-
£85,001 to £90,000	-	-	3	-
£95,001 to £100,000	-	1	2	-
£100,001 to £105,000	1	-	-	-
£145,001 to £150,000	-	1	-	-
£195,001 to £200,000	-	1	-	-
£205,001 to £210,000	1	-	-	-
£315,001 to £320,000	-	1	-	-
Total	**7**	**10**	**7**	**-**

Key management personnel (including the Accounting Officer) emoluments are made up as follows:

	2019	2018
	£'000	£'000
Salaries	1,102	1,112
Employers NIC	138	139
Pension contributions	131	141
Total Emoluments	**1,371**	**1,392**

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 (who is also the highest paid senior post-holder) of:

	2019	2018
	£'000	£'000
Salaries	182	279
Employers NIC	24	37
Pension contributions	26	36
	232	**352**

Compensation for loss of office paid to former key management personnel

	2019	2018
	£	£
Compensation paid to one former post-holder (contractual)	-	75,000

The severance payment was approved by the Chair of Governors.

The relationship between the accounting officer's emoluments, expresses as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2019	2018
	No.	No.
Basic salary as a multiple of median basic salary of staff	6.10	7.48
Total remuneration as a multiple of median total remuneration of staff	6.45	9.93

Governors' remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.

During the year 2018/19 - 0 (2017/18 - 1) governors with total expenses of nil (2018 - £348) were paid to or on their behalf in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

7 Other operating expenses

	Year ended 31 July 2019		Year ended 31 July 2018	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	8,057	8,057	6,016	6,016
Non-teaching costs	2,974	2,974	4,933	4,933
Premises costs	4,638	4,638	3,869	3,869
Total	**15,669**	**15,669**	**14,818**	**14,818**

Deficit/Surplus before taxation is stated after charging:	Group	College	Group	College
	£'000	£'000	£'000	£'000
Financial statements audit	55	55	41	41

Internal audit	56	56	50	50
Hire of other assets – operating leases	49	49	111	111
Profit on disposal of assets	555	555	-	-
Impairment of fixed assets	(1,271)	(1,271)	2,001	2,001
	(556)	**(556)**	**2,203**	**2,203**

08 Interest and other finance costs - Group and College

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:	279	326
Net interest on defined pension liability	491	516
Total	**770**	**941**

09 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

	Freehold Land & Buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2018	69,905	10,387	80,292
Additions	2,617	258	2,875
Disposal	(100)	-	(100)
Impairment	16,965	1,065	18,030
At 31 July 2019	**89,387**	**11,710**	**101,097**
Depreciation			
At 1 August 2018	35,379	7,900	43,279
Charge for the year	1,435	636	2,071
At 31 July 2019	**36,814**	**8,536**	**45,350**

Net book value at 31 July 2019	**52,573**	**3,174**	**55,747**
Net book value at 31 July 2018	34,526	2,487	37,013

The College disposed of an inherited Land at Hanson Garden's with a book value of £100,000.

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 2019 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 £7,600k which is not depreciated.

During the year 2018/19 the College took the decision to stop the Hammersmith development project for the foreseeable future due to uncertainties relating to the project (funding, planning and the listing issue). As a result the impairment relating to the site has been reversed. The value of the impaired assets has been returned to pre-impairment values. This has led to additional depreciation charges of £663k for the current year.

The impairment reversal of £10,646k on the Statement of Changes in Reserves is in relation to the amounts that were transferred to Revaluation Reserves when the impairments were initially carried out in previous financial years.

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

The subsidiary company has no tangible fixed assets.

11 Intangible fixed assets (College and Group)

	Software £'000
Cost	
At 1 August 2018	231
At 31 July 2019	**231**

Depreciation	
At 1 August 2018	39
Charge for year	39
At 31 July 2019	**78**
Net book value at 31 July 2019	**153**
Net book value at 31 July 2018	192

12 Fixed asset Investments - college

	2019 £'000	2018 £'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 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Amounts falling due within one year:				
Trade debtors	472	472	514	514
Other Debtors	182	182	9,447	9,447
Prepayments and accrued income	599	599	486	486
Total	**1,253**	**1,253**	**10,447**	**10,447**

The significant decrease in other debtors from the previous year was due to the write off of expenditure relating to the Hammersmith development, previously known as the Gateway Project, following on from the decision to stop this initiative.

14 Creditors: amounts falling due within one year

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Bank loans and overdrafts	2,484	2,484	387	387
Trade creditors (payables)	3,116	3,116	2,298	2,298
Other taxation and social security	504	504	561	561
Accruals and deferred income	1,438	1,438	3,470	3,470
Amounts owed to funding bodies	2,650	2,650	1,166	1,166
Holiday Pay Accrual	213	213	438	438
Government grants (capital)	987	987	1,074	1,074
Total	**11,392**	**11,392**	**9,394**	**9,394**

15 Creditors: amounts falling due after one year

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Bank loans	-	-	2,484	2,484
Amounts owed to funding bodies (EFS)	8,500	8,500	-	-
Government grants (capital)	5,780	5,780	6,537	6,537
Total	**14,280**	**14,280**	**9,021**	**9,021**

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
In one year or less	2,484	2,484	387	387
Between one and two years	-	-	413	413
Between two and five years	8,500	8,500	1,404	1,404
In five years or more	-	-	667	667
Total	**10,984**	**10,984**	**2,871**	**2,871**

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

In July 2019 the College breached one of the banking covenants resulting in the bank loan being re-classified as a short term loan.

17 Provisions

	Group and College			
	Park Royal Dilapidation Provision £'000	Enhanced pensions £'000	Defined Benefit Obligations £'000	Total £'000
At 1 August 2018	-	1,336	18,868	20,204
Expenditure in the period	500	(102)	2,851	3,249
At 31 July 2019	**500**	**1,234**	**21,719**	**23,453**

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

The Park Royal provision is estimated dilapidation cost at the end of the ten-year lease.

The principal assumptions for this calculation are:

	2019	2018
Price Inflation	3.00%	3.47%
Discount rate	2.10%	2.50%

18 Cash and cash equivalents

18 Cash and cash equivalents

	At 1 August 2018 £'000	Cash Flows £'000	At 31 July 2019 £'000
Cash and cash equivalents	508	2,777	3,285
Total	**508**	**2,777**	**3,285**

19 Financial Instruments

The Group has the following financial instruments:	Group and College 2019 £'000	2018 £'000
Financial assets		
Debt instruments measured at amortised cost	780	9,361
Financial liabilities		
Financial liabilities measured at amortised cost	**18,327**	**10,594**

20 Capital and other Commitments

	Group and College 2019 £'000	2018 £'000
Commitments contracted for July 2019	1,200	2,325
	1,200	2,325

The commitments in 2019 relate to the fit-out of the West London Construction Academy and essential capital expenditure items.

21 Lease Obligations

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

	Group and College 2019 £'000	2018 £'000
Land and Buildings		
Not later than one year	720	386
Later than one year and not later than five years	2,880	2,370
Later than five years	2,880	2,876
Other		
Not later than one year	54	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

The College remains in FE Commissioner-led intervention. The College has made significant progress in the process across a number of key areas and this has been recognised.

The Financial Health Notice to Improve from the ESFA remains in place and the College is tracking well against the key performance indicators. The College continues to work proactively with both the FE Commissioner's office and the ESFA.

The College received Exceptional Financial Support of £8.5m from the ESFA during 2018/19. Additionally, the College has utilised a facility from the ESFA to draw down a further £2.5m in January 2020. The total amount is repayable to the Agency; it is envisaged that this will be repaid through a combination of asset sales and improved performance/efficiencies. The timeframe for repayment is to be agreed with the ESFA in the form of a proposed plan that will span a number of years.

The College continues to maintain excellent, close working relationships with its key stakeholders, which include the intervention agencies and Barclays, who all continue to retain high levels of confidence in the new College leadership team.

The College has received an offer for the sale of part of the site at Southall campus. The sale has been approved by the Board and the sale is likely to be completed in early 2020. This will further consolidate the College's underlying financial position.

An Independent Business Review (IBR) is currently being undertaken to assess how the College may utilise its resources in the most productive and efficient manner.

The Estates Strategy is due to be refreshed pending the outcome of the IBR.

23 Retirement Benefits

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	**2019**	**2018**
	£'000	**£'000**
Teachers' Pension Scheme: contributions paid	913	1,017
Local Government Pension Scheme:		

Contributions paid	706	757
FRS 102 (28) charge	1,472	1,184
Charge to the Statement of Comprehensive Income	3,091	2,958
Enhanced pension charge to Statement of Comprehensive Income	-	74
Total Pension Cost for Year within staff costs	**3,091**	**3,032**

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 £207,585 (2017/18 £143,764) 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution.

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 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. 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 £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional

costs during the 2019-20 academic year. The pension costs paid to TPS in the year amounted to £913,000 (2018: £1,017,000).

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 2019 were £1,051k, of which employer's contributions totalled £706k and employees' contributions totalled £345k. The agreed contribution rates for future years are 14.0% for employers and range from 5.5% to 12.5% 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 2019 by a qualified independent actuary.

	At 31 July 2019	**At 31 July 2018**
Rate of increase in salaries	3.85%	3.85%
Future pensions increases	2.35%	2.35%
Discount rate for scheme liabilities	2.65%	2.65%

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 2019 years	**At 31 July 2018** years
Retiring today		
Males	20.1	21.1
Females	23.4	24.4
Retiring in 20 years		
Males	21.9	23.5
Females	25.3	26.7

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 2019	**Fair Value at 31 July 2019** £'000	**Long-term rate of return expected at 31 July 2018**	**Fair Value at 31 July 2018** £'000
Equity instruments	55.00%	30,483	60.00%	31,339

Target return portfolio	25.00%	14,208	22.00%	11,443
Infrastructure	6.00%	3,206	5.00%	2,571
Property	9.00%	5,096	8.00%	3,968
Cash	5.00%	2,951	5.00%	2,371
Total fair value of plan assets	**100%**	**55,944**	**100%**	**51,692**

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

	2019 £'000	2018 £'000
Fair value of plan assets	55,944	51,692
Present value of plan liabilities	(77,643)	(70,538)
Present value of unfunded obligation	(20)	(22)
Net pensions (liability) (note 17)	**(21,719)**	**(18,868)**

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

	2019 £'000	2018 £'000
Amounts included in staff costs		
Current service cost	1,808	2,113
Past service cost, including curtailments	370	-
Total	**2,178**	**2,113**
Amounts included in investment income		
Net interest on the defined liability (asset)	491	615
	491	**615**
Amount recognised in Other Comprehensive Income		
Administration Expenses	67	64
Amount recognised in Other Comprehensive Income	**67**	**64**

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

	2019 £'000	2018 £'000
Net defined benefit (liability)/asset in scheme at 1 August	70,560	72,099

Movement in year:		
Current service cost	1,808	2,113
Interest Cost	1,851	1,935
Change in demographic assumptions	(3,927)	-
Experience loss/(gain) on defined benefit obligation	-	-
Change in financial assumptions	8,460	(4,659)
Estimated benefits pad net of transfers in	(1,802)	(1,297)
Past service costs, including curtailments	370	-
Contributions by Scheme participants and other employers	345	371
Unfunded pension payments	(2)	(2)
Defined benefit obligation	**77,663**	**70,560**

The actuarial valuation report allows for the estimated impact of the recent McCloud Judgement as a past service cost.

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

	Group 31 July 2019 £'000	Group 31 July 2018 £'000
Opening Fair Value of Fund assets	51,692	48,967
Interest on Assets	1,360	1,320
Return on assets less interest	3,712	1,640
Administration expenses	(67)	(64)
Contributions by employer including unfunded	706	757
Contributions by scheme participants and other employers	345	371
Estimated benefits paid plus unfunded net of transfers in	(1,804)	(1,299)
Closing fair value of Fund Assets	**55,944**	**51,692**
Expected return on Fund assets		

The total return on the fund assets for the year to 31 July 2019 is £5,072,000.

25 Defined Liability

	Group 31 July 2019 £'000	Group 31 July 2018 £'000
Return on Fund assets in excess of interest	3,712	1,640
Change in financial assumptions	(8,460)	4,659

Change in demographic assumptions	3,928	-
Experience gain/(loss) on defined benefits obligation	(1)	-
Re-measurement of the net assets	**(821)**	**6,299**

26 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 nil (2017/18: £348). There were no payments made to Governors (2018: 1 Governor). It represents travel and subsistence expenses and other out of pocket expenses incurred in attending a Governor training course.

The Department for Education seconded one of their National Leaders of Governance (NLG) as acting chair of the corporation board from 20 December 2018 to 20 February 2019 for up to eight business days. The secondment was fully funded by the Department for Education under the "grant in kind" scheme.

Key management compensation disclosure is given in note 6.

27 Amounts Disbursed as agent

	2019 £'000	2018 £'000
Funding body grants – bursary support	306	673
Funding body grants – discretionary learner support	371	232
Funding body grants – vulnerable learners	129	-
	806	905
Disbursed to students	(693)	(736)
Administration costs	(34)	(45)
Balance unspent as at 31 July, included in creditors	79	124

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 2018 to 31 July 2019 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 2018 to 31 July 2019 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 2018 to 31 July 2019 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
Date: 31 January 2020