REPORT AND FINANCIAL STATEMENTS

for year ended 31 July 2020

Ealing, Hammersmith & West London College

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 2019/20:

Karen Redhead	–	CEO and Principal; Accounting Officer
Anil Nagpal	–	COO
David Warnes	–	Deputy Principal Business Development and Marketing and Managing Director of Evolve Learning Ltd
James Taylor	–	Deputy Principal Curriculum and Quality (20/04/2020 – present)
Lynne Craig	-	Interim Deputy Curriculum and Quality (01/10/2019 – 26/02/20)

Board of Governors

A full list of Governors is given on page 20 and 21 of these financial statements.

David Round acted as Clerk to the Governing Body throughout the period to 31 August 2020. Thereafter, Ra Hamilton-Burns was interim governance advisor to the Board.

Professional advisers

Financial statements auditors and reporting accountants:

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

Internal auditors:

Mazars LLP
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

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2020.

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 Purpose, 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. A further review and update was conducted in August 2020 by the CEO / Principal and Deputy Principal Business Development and Marketing. 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, is as described below: -

Purpose:

To develop outstanding citizens of the future.

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

Creating a financially thriving College that is investing in its future

- Achieve **financial health score** of Good by 2023/24
- Maintain a **positive cashflow budget** by 2019/20, with a balance of at least £5m by 2020/21 that is maintained throughout the planning period
- Establish and maintain a minimum of 60 **cash days in hand** by 2020/21 that is maintained throughout the planning period
- Achieve **staffing cost** of 65% of income by 2020/21 reducing further to 60% by the end of the planning period
- Achieve a **surplus (EBITDA)** of at least 2% by 2020/21, increasing further to 6% by 2023/24
- Improve the **adjusted current ratio** to at least 1.2 by 2023/24
- Maintain a level of **borrowing** not exceeding 40% by the end of this plan
- Improve **capital expenditure** to circa £2m in 2020/21 and 2021/22 to support urgent upgrades, repairs and maintenance and at least £750k each year thereafter

Business Development Objectives

Building stronger sustainable relationships with employers and wider stakeholders

- 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 and 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
  - Healthcare and care services

- Build and maintain relationships with **key partners** including
  - West London Alliance and West London Business
  - Capital West London
  - Berkeley Group
  - Heathrow / HS2
  - Greater London Authority / LEAP
  - West London NHS Trusts / HEE
- Continue to scan the horizon 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

To change life chances of all learners and see them progress into high value careers

- 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
  - Healthcare and 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 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

To strive continuously for excellence in all that we do

- 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

To be the employer of first choice, employing highly motivated staff who are passionate about what they do

- Fully adopt the **AoC Mental Health Charter** and create an annual **Health & Well-being** day as part of a wider effort to promote a well-being culture.
- Operate a forum to strengthen the **staff voice** and to identify and implement actions to support high staff morale
- Continue with the **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
- Provide **high-quality** staff development opportunities and seek out opportunities to identify and develop staff who have the **potential to progress** in their careers

- Establish an **Equality and Diversity Committee** to reduce unconscious bias and promote a culture of inclusivity
- Develop an HR function that is supported by high quality **data and reporting systems**

Estates Objectives

An estate that provides a sustainable, flexible, modern & inclusive environment that fully meets the needs of all stakeholders

- 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 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, including potential relocation of construction provision to the Southall campus

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 and 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)

The current pandemic has had a significant impact on the sector and, indeed, the wider economy during these unprecedented times. The College was able to adapt swiftly and with agility to the challenging and changing circumstances whilst ensuring the achievement of its objectives in the midst of a global pandemic. The College was able to engage with learners remotely to ensure effective teaching and learning continued during the lockdown phase, before successfully re-opening during the summer with robust control measures in place to manage the impact of the ongoing Covid-19 pandemic.

The College continues to work closely with all of its stakeholders during this unprecedented period whereby the safety of the College learners, staff and other stakeholders remains of paramount importance. The College has maintained its services throughout the reporting period despite the high levels of uncertainty.

DEVELOPMENT AND PERFORMANCE

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	86.7%	88.5%
Achievement of AEB funding target	100%	88.49%
EBITDA Education specific	£1,071,000	£(233,000)
Staffing costs as a % of income (excluding subcontracted income)	67.21%	67.85%
Liquidity and Borrowing ratios (borrowing as a % of income)	46.81%	43.48%
Staff utilisation	92%	98.3%
Cash days in hand	75.1	71.0

The College is assessed by the Education and Skills Funding Agency ("ESFA") as having an "Inadequate" financial health grading (2018/19: financial health grading was "Inadequate").

Financial results

The College incurred a £5,522k deficit before other gains and losses (2018/19 – deficit of £7,335k). The deficit for the year is £3,786k (2018/19 – deficit of £8,051k) after accounting for impairment of assets charge of £nil (2018/19 – £1,271k) and profit on disposal of assets of £1,736k (2018/19 – £555k). The reported deficit includes a number of historic issues. The total income was £31.4m in 2019/20 (2018/19 - £31.8m). The College achieved 83.7% of its Adult Education Budget allocation with the ESFA and 81.7% of its Adult Education Budget allocation with the GLA contract to ensure it remained within the expected levels of tolerance (68% in both instances) resulting in no claw back on Adult Education Income in 2019/20.

The College has accumulated negative reserves of £3,594k (2018/19 – positive reserves of £11,313k) with cash and short term investment balances of £6.9m (2018/19 - £3.3m). It has a loan with Barclays that is secured on the Ealing campus. The balance outstanding at 31 July 2020 was £2.1m (2018/19 - £2.5m). Quarterly capital repayments with interest at an interest rate of 8.28% will end on September 2024. The College also has a loan with the ESFA, at 31 July 2020 the balance outstanding was £11.6m (2018/19: £8.5m). Interest is payable on this balance annually at a rate equal to the PWLB rate. At present, the loan agreement with the ESFA states that the loan is repayable in full on 31 January 2023. This repayment date is subject to a clause stating that an amortised repayment schedule for the loan will be reviewed, and may be implemented, following the conclusion of an Independent Business Review. Failing this, an amortised repayment schedule will be reviewed by 31 December 2021.

During the previous 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 and the College awaits further detail on the system for awarding capital 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 financial sustainability of the College achieved, the College will not proceed further with the Hammersmith development.

Tangible fixed asset additions during the year amounted to £196k (2018/19 - £2,875k).

The current pandemic has had a big impact on the College's financial results and position. Whilst the main funding agencies continued to provide funding during the reporting period, other income streams were clearly impacted. The College responded quickly to largely mitigate the impact of loss of income. This was due to strong performance up to March 2020, significantly improved financial management and stringent cost control measures. As a result, the financial results for 2019/20 were effectively managed to be broadly in line with projections before the pandemic.

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.

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

Cash flows and liquidity

There was an increase in cash/cash equivalents of £3.6m in 2019/20 (2018/19 – increase of £2.8m). The net cashflow from operating activities was £(2.7)m (2018/19 - (£2.9)m) and the net cashflows from investing activities was £4m (2018/19 - (£2.2)m); the net cashflows from financing activities was £2.3m (2018/19 - £7.8m) resulting in increase in cash/cash equivalents of £3.6m (2018/19 - £2.8m). This includes Emergency Funding (the successor to Exceptional Financial Support (EFS)) of £3.1m received from the ESFA during 2019/20 (2018/19 - £8.5m). The College has made significant progress in 2019/20 in improving its financial position and in particular in improving its cash position. The College is well on the way to achieving financial turnaround and the updated financial plan will detail how the College will achieve its target to deliver improved financial performance and net positive operating cash performance going forwards.

The College has managed its cash position assiduously throughout 2019/20 with a robust cash reserves position achieved as at 31 July 2020. During the year the College successfully disposed of an asset for £4.2m, an unused part of the estate, and secured an agreed drawdown from the ESFA of £3.1m (reduced from the originally anticipated drawdown of £4m). The College was able to manage its finances and cash position, in light of the COVID 19 pandemic, very effectively to maintain a good cash position and not require any further support.

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 £7.5m (2018/19 - £9.1m). As noted in the section on risks faced by the College on page 14, the College has a deficit on the defined benefit pension scheme of £34.4m (2019: £21.7m). It should be noted that the liability included in the balance sheet in relation to this does not represent an immediate cash outflow for the College and the College continues to make regular payments in line with the contribution levels.

The College was able to largely mitigate the loss of income due to the current pandemic. However, in light of the ongoing Covid-19 crisis, it is likely the Board will wish to re-assess the target levels of reserves going forwards.

Group Company

The College has one trading subsidiary, EVOLVE Learning Group Limited, that provides educational support services. The subsidiary's activities are not material to the Group as a whole and all income generated by the subsidiary relates to amounts recharged to the College.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE TO RESOURCES

Future prospects

The College has a robust and realistic plan for 2020/21 and will continue to build on the achievements of 2019/20 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 improve financial performance and net operating cash going forwards.

The College has received Emergency Funding (known previously as Exceptional Financial Support) during 2019/20 from the ESFA of £3.1m (2018/19 - £8.5m). In March 2020 the full amount of financial support extended by the ESFA was converted into an interest bearing loan facility. The College plans to repay this loan through a combination of asset sales and improved performance. This has helped 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.

The impact of the ongoing Covid-19 coronavirus crisis continues to be felt and is likely to affect the College performance during 2020/21 and, potentially, 2021/22. Whilst the impact is difficult to quantify at this stage, given the current levels of uncertainty, the College is well placed to manage any adverse movements as and when they arise

Student numbers

In 2019/20 the College has delivered activity that has produced £22.4m in funding body main allocation funding (2018/19 – £22.2m). The College had approximately 11,581 funded and 2,761 self-funded students (2018/19 – 11,251 funded and 2,545 self-funded students).

Student achievements

Student achievement rates in 2019/20 were 88.5%, a small reduction compared to 89.7% in 2018/19. Achievement rates were significantly impacted by the pandemic.

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 2019 to 31st July 2020, the College paid about 47% per cent of its invoices within 30 days.

RESOURCES:

Financial

The College has £3,594k of net liabilities (2018/19 - net assets of £11,313k) (including £34.4m (2018/19 - £21.8m) pension liability) and long term liabilities of £17.3m (2018/19 - £14.3m).

People

The College employs 509 (2018/19 - 476 people) (expressed as average headcount), of whom 188 (2018/19 – 160) are teaching staff.

Estate

The College completed a holistic estates strategy in 2018, to review the efficiency of the three main sites at Hammersmith, Ealing and Southall, and the one leased site at Park Royal College.

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 in a position to seek any loan facility to fund the project which remains stopped until resolution of the issues identified.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES:

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

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 Exceptional Financial Support of £8.5m received in 2018/19 the College made a further draw down of Emergency Funding in January 2020/April 2020 of £3.1m. This, together with the sale of a portion of the Southall site, 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 2019/20, 79% (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. This risk is mitigated by ensuring that the College takes a rigorous approach in delivering high quality education and training, aligning with the skills priorities of the main funders and maintaining and managing key relationships with the funding bodies.

3. Major Capital Redevelopment

The College has in place a holistic estates strategy, which reviews the efficiency of the three main sites at Hammersmith, Ealing and Southall, and the one leased site at Park Royal College.

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 Purposes Committee of the Governing Body 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. It should be noted that the liability included in the balance sheet in relation to this does not represent an immediate cash outflow for the College and the College continues to make regular payments in line with the contribution levels.

5. Tuition fee policy

The ESFA has 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

The College has established robust risk management processes to capture, monitor and mitigate all identified risks. The College has a detailed risk register which is monitored closely by the Senior Leadership Team and by the Governing Body.

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
- Local pension partnerships

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
9	9

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	9
51-99%	0
100%	0

Percentage of pay bill spent on facility activities

Total cost of facility time	£59,749
Total pay bill	£436,279
Percentage of total bill spent on facility time	13.69%

Paid trade union activities

Time spent on paid trade 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.

Going Concern

The College remains in 'supervised' status with the ESFA following a Financial Health Notice to Improve issued in 2014. This enables the ESFA to provide closer oversight and support. The College has a comprehensive Operational Plan which is closely monitored by the Senior Leadership Team, the Governing Body and the agencies. This details College actions by functional area and builds on the recent good progress made in 2018/19.

The College received Emergency Funding (previously Exceptional Financial Support) from the ESFA of £3.1m during 2019/20 (£8.5m during 2018/19). The total amount received from the ESFA, £11.6m, was converted into an interest-bearing loan in March 2020. The total amount received from the ESFA is repayable to the Agency; it is envisaged that this will be repaid through a combination of asset sales and improved performance/efficiencies. The loan agreement with the ESFA states that the loan is repayable in full on 31 January 2023. This repayment date is subject to a clause stating that an amortised repayment schedule for the loan will be reviewed, and may be implemented, following the conclusion of an Independent Business Review (IBR). Failing this, an amortised repayment schedule will be reviewed by 31 December 2021. At present, based on current cashflow forecasts the College will not be able to repay the loan in full by 31 January 2023. Furthermore, on 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in the facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served. If notice were served at any point prior to the existing repayment date of 31 January 2023, based on current cashflow forecasts, the College would not be able to repay the loan in full. It should be noted that no notice has been served by the DfE under this clause on the expectation that the College will co-operate fully with the IBR and it is the intention of the College to do so. As a consequence of the DfE letter, in line with the bank loan facility agreement, this has also triggered an event of default in respect of the bank loan. It is the College's expectation that the defaults will be fully resolved and that a suitable and affordable repayment schedule will be agreed with the ESFA during the period to 31 December 2021, and that the bank will provide an appropriate waiver prior to 31 July 2021. However, as the IBR is currently being undertaken and this is expected to conclude during the first quarter in 2021, there is a material uncertainty around the College's ability to meet the repayment terms of the loan with the ESFA at the date of approval of these financial statements.

As noted above, the College also has £2.1 million (£2.5m in 2018/19) of loans outstanding with the College's bankers. The College is compliant with the covenants with its bankers for this financial year. The College has a positive relationship with its bankers and continues to work closely with them as good progress is being made, the College is able 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 banking facilities for the foreseeable future based on the expectation that the expected waiver, noted above, is granted.

The monies received during the year, from the ESFA and the sale of an asset in-year, provided sufficient working capital support for the College to operate effectively whilst strengthening the College's cash balances. Furthermore, the College markedly improved its overall financial position during 2019/20. The cash injection in 2019/20, when combined with the planned efficiency measures, will allow the College to remain financially viable in the long term although this is dependent on an affordable repayment schedule being agreed with the ESFA on the £11.6m loan facility. It should be noted that the College has a strong asset base and as outlined in the Estates Strategy, the College will continue to ensure efficient use of its assets which will in turn provide further cash improvement for the College.

The adoption of the going concern basis is predicated upon the amounts drawn down from the ESFA and a capital receipt from the asset sale during 2019/20. These receipts have helped to significantly improve the College's cash position. The College continues on a trajectory of year-on-year improvements. The College has produced strong and robust cashflow forecasts through to July 2022 that shows a strong cash position in financial years 2020/21 and 2021/22. These forecasts have been stress tested to review how the College would cope under a variety of circumstances.

The College has concluded that the above circumstances, in particular in relation to the repayment of the ESFA loan, represent a material uncertainty which 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 enquiries and considering the uncertainties described above, and the fact no notice has been served to accelerate the repayment of either loan facility, the College has a reasonable expectation that it 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.

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 28 January 2021 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 1 August 2019 to 31 July 2020 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 2018 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.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted at the Board meeting on 14 July 2015.

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.

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 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
Ian Comfort (Chair)	13/02/2019	13/02/2021	N/A	Corporation (Chair) Finance & General Purpose Search and Governance Committee Remuneration (By invitation)	8 of 8 4 of 5 3 of 3 1 of 2
Yvonne Johnson (Vice Chair)	20/12/2018	19/12/2022	16/9/2020	Corporation (Vice Chair) Curriculum, Quality & Performance (Chair) Search and Governance Committee Remuneration	6 of 8 3 of 3 3 of 3 2 of 2
Karen Redhead (Principal and Chief Executive)	03/09/2018		N/A	Corporation Curriculum, Quality & Performance Finance & General Purpose Search and Governance Committee Remuneration (By invitation)	7 of 8 7 of 7 5 of 5 3 of 3 2 of 2
Callum Anderson	23/05/2018	22/05/2021	N/A	Corporation Audit Committee Remuneration (Chair)	8 of 8 3 of 4 2 of 2
Peter Chapman	13/02/2019	13/02/2021	N/A	Corporation Finance & General Purpose	8 of 8 5 of 5
Phillip Kerle	13/02/2019	13/02/2021	N/A	Corporation Finance & General Purpose (Chair) Remuneration Search and Governance Committee	5 of 8 5 of 5 2 of 2 3 of 3
Maria Vetrone	13/02/2019	13/02/2021	N/A	Corporation Audit Committee (Chair) Remuneration	7 of 8 4 of 4 2 of 2
David Paine	23/05/2019	22/05/2021	N/A	Corporation Audit Committee	8 of 8 4 of 4
Shawez Mir	02/10/2019	02/10/2021	N/A	Corporation Audit Committee	7 of 7 2 of 3
Christopher Saul	26/03/2020	26/03/2022	N/A	Corporation Curriculum, Quality & Performance	3 of 4 2 of 2
Rebecca Caldwell	26/05/2020	26/05/2022	N/A	Corporation Finance & General Purpose	3 of 3 1 of 1
Roslyn O'Garro (Academic Staff Governor)	21/03/2018	21/03/2021	N/A	Corporation Curriculum, Quality & Performance Search and Governance Committee	5 of 8 3 of 3 2 of 2
Matthew McMahon (Support Staff Governor)	24/11/2019	23/11/2021	N/A	Corporation Curriculum, Quality & Performance	7 of 7 2 of 2
Oceana- Skye Campbell	16/10/2020	31/07/2021	N/A	Corporation Curriculum, Quality & Performance	0 of 0 0 of 0*
Mohamed Moussa	16/10/2020	31/07/2021	N/A	Corporation Curriculum, Quality & Performance	0 of 0 0 of 0*
Deborah Stephenson	22/10/2020	22/10/2022	N/A	Corporation Curriculum, Quality & Performance	0 of 0 0 of 0*
Jan Edrich (co-opted member)	22/10/2020	22/10/2022	N/A	Curriculum, Quality & Performance	0 of 0*
Denise Waldron (Support Staff Governor)	23/11/2016	23/11/2019	23/11/2019	Corporation Curriculum, Quality & Performance	1 of 1 0 of 1

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships	Attendance
Adrian Asuquo	20/09/2016	20/09/2019	19/10/2019	Corporation	0 of 1
Kairah Lewis- Rowe	19/12/2019	31/07/2020	31/07/2020	Corporation Curriculum, Quality & Performance	2 of 6 0 of 2
Luis Miguel Andrade Veiga	19/12/2019	31/07/2020	31/07/2020	Corporation Curriculum, Quality & Performance	2 of 6 0 of 2

* These members were not appointed in the academic year 2019/20.

Mr David Round acted as Clerk to the Governing Body from 1 August 2019 until 31 August 2020. Thereafter Ra Hamilton-Burns was interim governance advisor to the Board.

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 2019/20 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 Governing Body 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 was also reviewed and updated. The Standing Orders of the Corporation were reviewed and updated. In addition, a new meeting schedule was agreed for 2019/20 and for 2020/21.

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 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.

The Governing Body has held all scheduled meetings since March 2020 (the point at which England went into lockdown) with additional ones held where needed. All meetings have been held remotely via an online meeting platform which is password protected. The Board has continued to recruit and strengthen its membership with two new student governors, a new governor and a new co-opted governor joining in October 2020 to ensure that it can adequately fulfil its duties. Interaction with senior staff to enable participation in College business such as the recent safeguarding audit, has continued via online platforms. Covid-19 has not impacted on the ability of the Board to discharges its duties and members have been rigorous in ensuring its inclusion in the risk register and oversight of appropriate mitigations.

The World Health Organisation declared that Coronavirus was a world pandemic on 11 March 2020 and, one week later, faced with rising infection numbers and hospital admissions, the UK government instructed all schools, colleges and universities to close buildings for the majority of their students with effect from 20 March 2020. West London College moved its education and training online from that date but were able to keep facilities open for vulnerable students. The College reopened its buildings in June 2020 for a small number of 16-18 year olds and to allow students and apprentices to complete courses. The Department for Education made a number of changes to funding rules in March, April and May to stabilise funding and asked colleges to observe the guidance in Procurement Policy Note 02/20 when dealing with suppliers. The College did this by continuing to pay some suppliers while negotiating alternative arrangements with others to secure better value from public funds.

Appointments to the Governing Body

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

Members of the Governing Body are appointed for two or three terms of office which do not exceed 8 years.

Governing Body performance

The Governing Body has a matrix of self-assessment processes which include an evaluation at the end of each meeting; an annual skills survey; an annual board effectiveness review and survey, and review of members before reappointment by the Search and Governance Committee. At the meeting in November 2020, the Committee extended this self-assessment process to include an annual review of the Chair and Director of Governance (Clerk), 1-1s for members with the Chair and Vice Chairs and Committee reviews of effectiveness.

Remuneration Committee

Throughout the year ending 31 July 2020 the College's Remuneration Committee comprised four members of the Governing Body. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, the Clerk and other key management personnel. The Remuneration Committee met twice in 2019/20 in December 2019 and July 2020; the Committee also met in December 2020 in the 2020/21 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. The College has complied with the Code throughout the financial year and up to the date of the signing of this report, this is evidenced in the minutes of the meetings held by the Committee throughout this period. 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 2020 are set out in note 7 to the financial statements.

Audit Committee

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

The Audit Committee met four times in 2019/20 and twice in 2020/21 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 five occasions in 2019/20; it has met twice in 2020/21 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 2019/20. It has convened for one meeting in 2020/21 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 three times in 2019/20 and twice in the 2020/21 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. There has been a significant refresh of the Governing Body over the past two years with only one member on a second term.

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 Funding Agreement 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 2020 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 31 July 2020 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.

Risks faced by the College

A comprehensive 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. In light of the ongoing pandemic, the risks were reviewed in detail and the risk register updated to reflect the risks relating to the Covid-19 coronavirus crisis. Risks are prioritised using a consistent scoring system. A risk assurance map, incorporating the three lines of defence, is also produced. For more detail on the key operational, financial, compliance and other risks face by the College please see page 13 of these financial statements.

Control weaknesses identified

A plan of work has been agreed with the internal auditors and this has been approved by the Audit Committee. The work planned has continued throughout the year and the internal auditors present their findings in an annual report to the Audit Committee. All findings and recommendations from the internal audit reports are considered and implemented by the senior leadership team and progress against these is reviewed by the Audit Committee throughout the year. Based on the internal audit report presented to the Committee for the internal audit work undertaken in this financial year, there were no significant internal control weaknesses identified.

Responsibilities under funding agreements

The Governing Body has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA and no instances of material irregularity, impropriety or funding noncompliance have been discovered to date.

Statement from the Audit Committee

The Audit Committee has advised the Board of Governors' that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2019/20 and up to the date of the approval of the financial statements are documented in the Internal Audit plan/schedule of assignments. The Internal Audit plan, based on an risk assessed approach, is approved by the Audit Committee annually.

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 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 Leadership 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 Leadership 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 25 February the Governing Body will carry out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2020, 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*".

Approved by order of the members of the Governing Body on 28 January 2021 and signed on its behalf by:

Ian Comfort

K Redhead

Ian Comfort
Chair of the Governing Body

Karen Redhead
Accounting Officer

Statement of Regularity, Propriety and Compliance

The Governing Body has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Governing Body's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the 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 Governing Body, or material non-compliance with the terms and conditions of funding, under the Governing Body's grant funding agreements and contracts with the ESFA, or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding noncompliance 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
28 January 2021

Ian Comfort

Ian Comfort
Chair of the Governing Body
28 January 2021

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, who act as trustees for the charitable activities of the College, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, the Corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 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 gives a true and fair view of the state of affairs of the Corporation and 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The Corporation is also required to prepare a Members' Report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation 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 its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. 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 economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on **28 January 2021** and signed on its behalf by

Ian Comfort

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 2020 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 2020 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. During the year ended 31 July 2020, the College has converted previously received exceptional financial support and emergency funding of £11.6m from the ESFA into a loan, with a repayment date of 31 January 2023. On 14 January 2021 the College received a reservation of rights letter giving notification from the DfE of an event of default regarding a delay in completion of the IBR. Whilst notice has yet to be served, the letter noted the DfE's right to serve notice on the loan which would mean the loan becomes repayable on demand.

As a consequence of the DfE letter, in line with the bank loan facility agreement, this has triggered an event of default in respect of the bank loan. At the date of this report the events of default exist and no such repayment schedule is in place, and no waiver has been provided on the bank loan. Cash flow forecasts indicate the College has insufficient funds to repay these loans in full.

Management has an expectation, that the events of default will be resolved and a repayment schedule will be agreed with the ESFA during the period to 31 December 2021, and that the bank will provide an appropriate waiver prior to 31 July 2021.

Therefore, the College has a reasonable expectation that it 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. However, these events indicate that 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 2019 to 2020 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 29 - 30), 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 28 October 2020. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Dated: 29 January 2021

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Group £'000	**College £'000**	**Group £'000**	**College £'000**
INCOME					
Funding body grants	2	25,190	25,190	23,238	23,238
Tuition fees and education contracts	3	5,454	5,454	7,261	7,261
Other grants and contracts	4	307	307	-	-
Other Income	5	473	473	1,281	1,281
Investment income	6	16	16	9	9
Total income		**31,440**	**31,440**	**31,789**	**31,789**
EXPENDITURE					
Staff costs	7	19,145	19,145	20,575	20,575
Other operating expenses	8	12,528	12,528	15,669	15,669
Depreciation and amortisation	11/12	4,441	4,441	2,110	2,110
Interest and other finance costs	9	848	848	770	770
Total expenditure		**36,962**	**36,962**	**39,124**	**39,124**
Deficit before other gains and losses		**(5,522)**	**(5,522)**	**(7,335)**	**(7,335)**
Profit on disposal of assets		1,736	1,736	555	555
Impairment of assets	11	-	-	(1,271)	(1,271)
Deficit for the Year		**(3,786)**	**(3,786)**	**(8,051)**	**(8,051)**
Remeasurement of enhanced pension provision		(91)	(91)	-	-
Remeasurement of net defined benefit pension liability		(11,030)	(11,030)	(821)	(821)
Total Comprehensive Income for the Year		**(14,907)**	**(14,907)**	**(8,872)**	**(8,872)**

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 2018	**(3,985)**	**13,524**	**9,539**
Deficit from the income and expenditure account	(8,051)	-	(8,051)
Other comprehensive income	(821)	-	(821)
Impairment charge Hammersmith Site	-	10,646	10,646
Transfers between revaluation and income and expenditure reserves	264	(264)	-
	(8,608)	10,382	1,774
Balance at 31 July 2019	**(12,593)**	**23,906**	**11,313**
Deficit from the income and expenditure account	(3,786)	-	(3,786)
Other comprehensive income	(11,121)	-	(11,121)
Transfers between revaluation and income and expenditure reserves	512	(512)	-
	(14,395)	(512)	(14,907)
Balance at 31 July 2020	**(26,988)**	**23,394**	**(3,594)**

Consolidated and College Balance sheets as at 31 July 2020

	Notes	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Fixed Assets					
Tangible Fixed Assets	11	49,109	49,109	55,747	55,747
Intangible Assets	12	114	114	153	153
		49,223	**49,223**	**55,900**	**55,900**
Current Assets					
Debtors	14	1,533	1,533	1,253	1,253
Cash at bank and in hand		6,885	6,885	3,285	3,285
		8,418	**8,418**	**4,538**	**4,538**
Less: Creditors – amounts falling due within one year	15	(7,775)	(7,775)	(11,392)	(11,392)
Net Current Assets / (Liabilities)		**643**	**643**	**(6,854)**	**(6,854)**
Total Assets less Current Liabilities		**49,866**	**49,866**	**49,046**	**49,046**
Less: Creditors – amounts falling due after more than one year	16	(17,251)	(17,251)	(14,280)	(14,280)
Provisions					
Other Provisions	18	(1,747)	(1,747)	(1,734)	(1,734)
Defined Benefit Obligations	18	(34,462)	(34,462)	(21,719)	(21,719)
Total Net (Liabilities) / Assets		**(3,594)**	**(3,594)**	**11,313**	**11,313**
Reserves					
Unrestricted Reserves					
Income and Expenditure including Pension Liability		(26,988)	(26,988)	(12,593)	(12,593)
Revaluation Reserve		23,394	23,394	23,906	23,906
Total Unrestricted Reserves		**(3,594)**	**(3,594)**	**11,313**	**11,313**

The financial statements on pages 34 to 65 were approved and authorised for issue by the Governing Body on **28 January 2021** and were signed on its behalf on that date by:

Ian Comfort

K Redhead

Ian Comfort
Chair of the Governing Body

Karen Redhead
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Cash used in operating activities			
(Deficit) for the year		(3,786)	(8,052)
Adjustments for non-cash items			
Depreciation and amortisation		4,441	2,109
(Increase)/decrease in debtors		(280)	9,194
(Decrease)/increase in creditors due within one year		(1,740)	1,996
Increase in creditors due after one year		(1,761)	5,759
Decrease in provisions		-	(102)
Pensions costs less contributions payable		1,635	1,472
Impairment of assets		-	(7,512)
Adjustment for investing or financing activities			
Interest payable		375	227
Interest receivable		(16)	(9)
Profit on sale of fixed assets		(1,736)	(555)
Impairment of assets		-	(7,384)
Net cash flow from operating activities		**(2,868)**	**(2,857)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		4,168	694
Payments made to acquire fixed assets		(196)	(2,876)
		3,972	**(2,182)**
Cash flows from financing activities			
Interest paid		(207)	(279)
Interest received		16	9
Repayments of amounts borrowed		(413)	(414)
Proceeds of unsecured loans (ESFA)		3,100	8,500
		2,496	**7,816**
Increase in cash equivalents in the year		**3,600**	**2,777**
Cash and cash equivalents at beginning of the year		3,285	508
Cash and cash equivalents at end of the year		6,885	3,285

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 20. 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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020 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 and subsequently carried at deemed cost. 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 2019 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 2020.

1 Statement of accounting policies and estimation techniques (continued)

The following dormant subsidiaries are exempt from preparing accounts under s394A 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. 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 remains in 'supervised' status with the ESFA following a Financial Health Notice to Improve issued in 2014. This enables the ESFA to provide closer oversight and support. The College has a comprehensive Operational Plan which is closely monitored by the Senior Leadership Team, the Governing Body and the agencies. This details College actions by functional area and builds on the recent good progress made in 2018/19.

The College received Emergency Funding (previously Exceptional Financial Support) from the ESFA of £3.1m during 2019/20 (£8.5m during 2018/19). The total amount received from the ESFA, £11.6m, was converted into an interest-bearing loan in March 2020. The total amount received from the ESFA is repayable to the Agency; it is envisaged that this will be repaid through a combination of asset sales and improved performance/efficiencies. The loan agreement with the ESFA states that the loan is repayable in full on 31 January 2023. This repayment date is subject to a clause stating that an amortised repayment schedule for the loan will be reviewed, and may be implemented, following the conclusion of an Independent Business Review (IBR). Failing this, an amortised repayment schedule will be reviewed by 31 December 2021. At present, based on current cashflow forecasts the College will not be able to repay the loan in full by 31 January 2023. Furthermore, on 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in the facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served. If notice were served at any point prior to the existing repayment date of 31 January 2023, based on current cashflow forecasts, the College would not be able to repay the loan in full. It should be noted that no notice has been served by the DfE under this clause on the expectation that the College will co-operate fully with the IBR and it is the intention of the College to do so. As a consequence of the DfE letter, in line with the bank loan facility agreement, this has also triggered an event of default in respect of the bank loan. It is the College's expectation that the defaults will be fully resolved and that a suitable and affordable repayment schedule will be agreed with the ESFA during the period to 31 December 2021, and that the bank will provide an appropriate waiver prior to 31 July

1 Statement of accounting policies and estimation techniques (continued)

2021. However, as the IBR is currently being undertaken and this is expected to conclude during the first quarter in 2021, there is a material uncertainty around the College's ability to meet the repayment terms of the loan with the ESFA at the date of approval of these financial statements.

As noted above, the College has £2.1 million (£2.5m in 2018/19) of loans outstanding with the College's bankers. The College is compliant with the covenants with its bankers for this financial year. The College has a positive relationship with its bankers and continues to work closely with them as good progress is being made, the College is able 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 banking facilities for the foreseeable future based on the expectation that the expected waiver, noted above, is granted.

The monies received during the year, from the ESFA and the sale of an asset in-year, provided sufficient working capital support for the College to operate effectively whilst strengthening the College's cash balances. Furthermore, the College markedly improved its overall financial position during 2019/20. The cash injection in 2019/20, when combined with the planned efficiency measures, will allow the College to remain financially viable in the long term although this is dependent on an affordable repayment schedule being agreed with the ESFA on the £11.6m loan facility. It should be noted that the College has a strong asset base and as outlined in the Estates Strategy, the College will continue to ensure efficient use of its assets which will in turn provide further cash improvement for the College.

The adoption of the going concern basis is predicated upon the amounts drawn down from the ESFA and a capital receipt from the asset sale during 2019/20. These receipts have helped to significantly improve the College's cash position. The College continues on a trajectory of year-on-year improvements. The College has produced strong and robust cashflow forecasts through to July 2022 that shows a strong cash position in financial years 2020/21 and 2021/22. These forecasts have been stress tested to review how the College would cope under a variety of circumstances.

The College has concluded that the above circumstances, in particular in relation to the repayment of the ESFA loan, represent a material uncertainty which 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 enquiries and considering the uncertainties described above, and the fact no notice has been served to accelerate the repayment of either loan facility, the College has a reasonable expectation that it 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.

1 Statement of accounting policies and estimation techniques (continued)

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 OfS 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.

1 Statement of accounting policies and estimation techniques (continued)

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

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.

1 Statement of accounting policies and estimation techniques (continued)

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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997 and 1999, as deemed cost but not to adopt on policy of revaluations of properties in the future.

Subsequent expenditure on existing fixed assets

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

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

1 Statement of accounting policies and estimation techniques (continued)

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

1 Statement of accounting policies and estimation techniques (continued)

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.

1 Statement of accounting policies and estimation techniques (continued)

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*
  In the previous year, the Hammersmith redevelopment project was stopped for 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. This resulted in the reversal of previous impairments in the year ended 31 July 2019 of £18,030k and increased depreciation charges in the years subsequent to this.
- *Going Concern*
  The adoption of the going concern basis is dependent upon the College agreeing an affordable repayment schedule on the ESFA loan facility and resolving the events of default. As noted in the going concern policy, the College has sufficient cash reserves to pay liabilities as they fall due and so would be considered as a going concern.

Other key sources of estimation uncertainty

- *Tangible fixed assets*
  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values

1 Statement of accounting policies and estimation techniques (continued)

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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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 2020		Year ended 31 July 2019	
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Recurrent Grants				
Education and Skills Funding Agency - adult	11,597	11,597	11,364	11,364
Education and Skills Funding Agency - 16 -18	10,098	10,098	10,167	10,167
Education and Skills Funding Agency – apprenticeships	702	702	668	668
Office for Students	11	11	39	39
Specific Grants				
Teacher Pension Scheme contribution grant	496	496	-	-
Releases of government capital grants	2,286	2,286	1,000	1,000
Total	**25,190**	**25,190**	**23,238**	**23,238**

3 Tuition fees and education contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Adult Education Fees	1,844	1,844	2,704	2,704
Fees for FE Loan Supported Courses	350	350	929	929
Fees for HE Loan Supported Courses	-	-	11	11
Total Tuition Fees	**2,194**	**2,194**	**3,644**	**3,644**
Education Contracts	3,260	3,260	3,617	3,617
Total	**5,454**	**5,454**	**7,261**	**7,261**

4 Other grants and contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Coronavirus Job Retention Scheme grant	249	249	-	-
Other grant income	58	58	-	-
Total	**307**	**307**	**-**	**-**

The College furloughed mainly staff in commercial income curriculum areas and a number of support staff spread across various departments, whose costs were not funded by other government grants, under the government's Coronavirus Job Retention Scheme. The funding received of £249,000 (2018/19 - £nil) relates to staff costs which are included within the staff costs (note 7) below as appropriate.

5 Other Income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and Residences	5	5	563	563
Other Income Generating Activities	302	302	664	664
Miscellaneous income	166	166	54	54
Total	**473**	**473**	**1,281**	**1,281**

6 Investment income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	16	16	9	9
Total	**16**	**16**	**9**	**9**

7 Staff costs - Group and College

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

	2020	2019
	No.	No.
Teaching staff	188	160
Non-teaching staff	321	316
	509	**476**

7 Staff costs - Group and College (continued)

Staff costs for the above persons	**2020**	**2019**
	£'000	**£'000**
Wages and salaries	12,257	13,028
Social security costs	1,207	1,317
Other Pension Costs	3,144	3,090
Payroll sub total	**16,608**	**17,435**
Contracted out staffing services	2,453	3,096
	19,061	**20,531**
Restructuring costs - Contractual	84	44
Total Staff costs	**19,145**	**20,575**

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. No compensation for loss of office was paid in 2019 or 2020.

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

	2020	**2019**
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	**5**	**7**

7 Staff costs - Group and College (continued)

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	
	2020	**2019**	**2020**	**2019**
	No.	**No.**	**No.**	**No.**
£10,001 to £15,000	-	1	-	-
£25,001 to £30,000	1	1	-	-
£30,001 to £35,000	1	-	-	-
£55,001 to £60,000	-	1	-	-
£60,001 to £65,000	-	-	3	2
£65,001 to £70,000	-	-	2	-
£70,001 to £75,000	-	-	4	-
£80,001 to £85,000	-	-	4	-
£85,001 to £90,000	-	2	-	3
£90,001 to £95,000	1	-	-	2
£95,001 to £100,000	-	1	-	-
£145,001 to £150,000	1	-	-	-
£180,001 to £185,000	-	1	-	-
£200,001 to £205,000	1	-	-	-
Total	**5**	**7**	**13**	**7**

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

	2020	**2019**
	£'000	**£'000**
Salaries	499	491
Employers NIC	78	63
Pension contributions	61	58
Total Emoluments	**638**	**612**

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

7 Staff costs - Group and College (continued)

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

	2020	2019
	£'000	£'000
Salaries	200	182
Employers NIC	26	24
Pension contributions	29	26
	255	**232**

The remuneration of the Accounting Officer for 2019/20 was determined on 10 July 2020 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2020 included:

- the AoC senior postholder benchmarking survey;
- CPI;
- pay increases for other staff;
- performance against personal objectives and the performance of the organisation.

Despite the outstanding performance of the Accounting Officer, in view of the College's financial position, the Committee and Board resolved a nil pay increase.

A similar approach was used to determine the remuneration of other key management personnel.

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.

	2020	2019
	No.	No.
Basic salary as a multiple of median basic salary of staff	6.78	6.10
Total remuneration as a multiple of median total remuneration of staff	7.44	6.45

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 current and prior year the governors were not reimbursed for any travel and subsistence and other out of pocket expenses.

8 Other operating expenses

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,620	4,620	8,057	8,057
Non-teaching costs	3,370	3,370	2,974	2,974
Premises costs	4,538	4,538	4,638	4,638
Total	**12,528**	**12,528**	**15,669**	**15,669**

Deficit before taxation is stated after charging/ (crediting):	**Group**	**College**	**Group**	**College**
	£'000	£'000	£'000	£'000
Financial statements audit	81	81	55	55
Other services provided by the financial statements auditor	60	60	-	-
Internal audit	39	39	56	56
Hire of other assets – operating leases	75	75	49	49
Land and buildings - operating leases	807	807	807	807
Profit on disposal of assets	(1,736)	(1,736)	(555)	(555)
Impairment of fixed assets	-	-	1,271	1,271
	(674)	**(674)**	**1,683**	**1,683**

9 Interest and other finance costs - Group and College

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans:	375	279
Net interest on enhanced pension provision	25	-
Net interest on defined pension liability	448	491
Total	**848**	**770**

10 Taxation – Group only

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

11 Tangible fixed assets Group and College

	Freehold Land & Buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2019	89,387	11,710	101,097
Additions	196	-	196
Disposal	(5,774)	(1,006)	(6,780)
At 31 July 2020	**83,809**	**10,704**	**94,513**
Depreciation			
At 1 August 2019	36,814	8,536	45,350
Charge for the year	2,384	2,018	4,402
Elimination in respect of disposals	(3,564)	(784)	(4,348)
At 31 July 2020	**35,634**	**9,770**	**45,404**
Net book value at 31 July 2020	**48,175**	**934**	**49,109**
Net book value at 31 July 2019	52,573	3,174	55,747

The land and buildings of Hammersmith and West London College were valued as at 31 July 1999 and the land and buildings of Ealing Tertiary College were valued as at 31 July 1997.

Both these valuations were made, by firms of independent chartered surveyors, at depreciated replacement cost. Currently the funding bodies do not require further property valuations to take place. Other tangible assets, inherited from the LEA at incorporation, have been valued by the College on a depreciated replacement cost basis. If the assets had not been re-valued they would have been included in the accounts at a net book value of £5,677k (2019: £6,053k).

The carrying value at 31 July 2020 of the land and buildings of Ealing Tertiary College that provides the security for the Barclays loan is £7,736k.

Land and buildings with a net book value of £5,157k 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.

Included in land and buildings is inherited land valued at £7,390k which is not depreciated.

The subsidiary company has no tangible fixed assets.

12 Intangible fixed assets (College and Group)

	Software £'000
Cost	
At 1 August 2019	231
At 31 July 2020	**231**
Depreciation	
At 1 August 2019	78
Charge for year	39
At 31 July 2020	**117**
Net book value at 31 July 2020	**114**
Net book value at 31 July 2019	153

The amortisation charge is included within depreciation in the Statement of Comprehensive Income and Expenditure.

13 Fixed asset Investments - college

	2020 £'000	2019 £'000
Subsidiary undertakings	-	-
Total	**-**	**-**

The College controls 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.

14 Debtors

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Amounts falling due within one year:				
Trade debtors	1,010	1,010	472	472
Other Debtors	181	181	182	182
Prepayments and accrued income	342	342	599	599
Total	**1,533**	**1,533**	**1,253**	**1,253**

15 Creditors: amounts falling due within one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans and overdrafts	439	439	2,484	2,484
Trade creditors	775	775	3,116	3,116
Other taxation and social security	312	312	295	295
Accruals and deferred income	2,461	2,461	1,438	1,438
Amounts owed to funding bodies	2,782	2,782	2,650	2,650
Other creditors	234	234	209	209
Holiday Pay Accrual	302	302	213	213
Government grants (capital)	470	470	987	987
Total	**7,775**	**7,775**	**11,392**	**11,392**

16 Creditors: amounts falling due after one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank loans	1,632	1,632	-	-
Amounts owed to funding bodies (ESFA)	11,600	11,600	8,500	8,500
Government grants (capital)	4,019	4,019	5,780	5,780
Total	**17,251**	**17,251**	**14,280**	**14,280**

17 Maturity of debt

(a) Bank loans, other loans and overdrafts

Bank loans, other loans and overdrafts are repayable as follows:

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
In one year or less	439	439	2,484	2,484
Between one and two years	964	964	-	-
Between two and five years	12,268	12,268	8,500	8,500
Total	**13,671**	**13,671**	**10,984**	**10,984**

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 in the previous year. As at 31 July 2020 no banking covenants were breached, therefore the loan has been presented in accordance with the agreed repayment schedule.

In March 2020 the exceptional funding provided by the ESFA was converted into an interest bearing loan facility with an interest rate equal to the PWLB rate payable on the loan per annum. A detailed schedule of repayments is under review between the College and the ESFA but with the earliest date for repayment is currently 31 January 2023.

18 Provisions

	Group and College			
	Park Royal Dilapidation Provision £'000	**Enhanced pensions £'000**	**Defined Benefit Obligations £'000**	**Total £'000**
At 1 August 2019	500	1,234	21,719	23,453
Movement in the period	-	13	12,743	12,756
At 31 July 2020	**500**	**1,247**	**34,462**	**36,209**

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

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 principal assumptions for this calculation are:	**2020**	**2019**
Price Inflation	3.00%	3.00%
Discount rate	1.30%	2.10%

19 Analysis of changes in net debt

	At 1 August 2019 £'000	**Cash Flows £'000**	**At 31 July 2020 £'000**
Cash and cash equivalents	3,285	3,600	6,885
	3,285	3,600	6,885
Bank loans	(2,484)	413	(2,071)
Amounts owed to funding bodies	(8,500)	(3,100)	(11,600)
Total net debt	**(7,699)**	**913**	**(6,786)**

20 Capital and other Commitments

	Group and College	
	2020	**2019**
	£'000	**£'000**
Commitments contracted for July	-	1,200
	-	1,200

21 Lease Obligations

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

	Group and College	
	2020	**2019**
	£'000	**£'000**
Not later than one year	782	774
Later than one year and not later than five years	1,440	2,160
	2,222	2,934

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 Retirement Benefits - College and Group

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	**2020**	**2019**
	£'000	**£'000**
Teachers' Pension Scheme: contributions paid	1,255	913
Local Government Pension Scheme:		
Contributions paid	695	706
FRS 102 (28) charge	1,194	1,472
Charge to the Statement of Comprehensive Income	3,144	3,091
Total Pension Cost for Year within staff costs	**3,144**	**3,091**

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 2016 and of the LGPS 31 March 2019. Contributions amounting to £234k (2018/19 - £209k) were payable to the schemes 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.

22 Retirement Benefits - College and Group (continued)

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 £1,255k (2019: £913k).

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 2020 were £1,041k (2019 - £1,051k), of which employer's contributions totalled £695k (2019 - £706k) and employees' contributions totalled £346k (2019 - £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 2019 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	**At 31 July 2019**
Rate of increase in salaries	3.25%	3.85%
Future pensions increases	2.25%	2.35%
Discount rate for scheme liabilities	1.35%	2.65%

22 Retirement Benefits – College and Group (continued)

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 2020 years	**At 31 July 2019** years
Retiring today		
Males	21.2	20.1
Females	24.2	23.4
Retiring in 20 years		
Males	22.6	21.9
Females	25.7	25.3

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

	Fair Value at 31 July 2020 £'000	**Fair Value at 31 July 2019 £'000**
Equity instruments	31,967	30,483
Target return portfolio	13,243	14,208
Infrastructure	4,023	3,206
Property	5,396	5,096
Cash	3,575	2,951
Total fair value of plan assets	**58,204**	**55,944**

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

	2020 £'000	**2019 £'000**
Fair value of plan assets	58,204	55,944
Present value of plan liabilities	(92,647)	(77,643)
Present value of unfunded obligation	(19)	(20)
Net pensions (liability) (note 18)	**(34,462)**	**(21,719)**

22 Retirement Benefits – College and Group (continued)

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	1,887	1,808
Past service cost, including curtailments	-	370
Total	**1,887**	**2,178**
Amounts included in investment income		
Net interest on the defined liability	448	491
Total	**448**	**491**
Amount recognised in other operating expenses		
Administration expenses	73	67
Total	**73**	**67**

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

	2020 £'000
Net defined benefit obligation in scheme at 1 August 2019	77,663
Movement in year:	
Current service cost	1,887
Interest Cost	1,620
Change in demographic assumptions	598
Experience gain on defined benefit obligation	(179)
Change in financial assumptions	12,061
Estimated benefits paid plus unfunded net of transfers in	(1,330)
Past service costs, including curtailments	-
Contributions by Scheme participants and other employers	346
Defined benefit obligation	**92,666**

22 Retirement Benefits – College and Group (continued)

Reconciliation of opening and closing balances of the fair value of fund assets

	2020
	£'000
Opening Fair Value of Fund assets	55,944
Interest on Assets	1,172
Return on assets less interest	1,791
Other actuarial losses	(341)
Administration expenses	(73)
Contributions by employer including unfunded	695
Contributions by scheme participants and other employers	346
Estimated benefits paid plus unfunded net of transfers in	(1,330)
Closing fair value of Fund Assets	**58,204**

The total return on the fund assets for the year to 31 July 2020 is £2,963k (2019 - £5,072k).

The above valuation assumes that, in respect of Guaranteed Minimum Pension Equalisation (GMP), the Fund will pay limited increases for members that have reached state pension age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the Fund will be required to pay the entire inflationary increase. It is not expected that this will have a material impact on the current valuation of the pension liability and as such the liability has not been adjusted for this impact.

These financial statements show a past service cost of £Nil (2019: £353,000) in respect of the McCloud/Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 0.5% of the total scheme liabilities as at 31 July 2020.

23 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.

Key management compensation disclosure is given in note 7.

During the year, the College has been recharged expenditure of £390,845 (2019 - £335,980) by EVOLVE Learning Group, a subsidiary of the College. At the year end, the College owed EVOLVE Learning Group £11,041 (2019 - £8,027).

24 Amounts disbursed as agent

	2020 £'000	2019 £'000
Funding body grants – bursary support	543	306
Funding body grants – discretionary learner support	332	371
Funding body grants – vulnerable learners	143	129
	1,018	806
Disbursed to students	(473)	(693)
Administration costs	(32)	(34)
Balance unspent as at 31 July, included in creditors	513	79

25 Post balance sheet events

On 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and that, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served.

As a consequence of the DfE letter, in line with the bank loan facility agreement, this has also triggered an event of default in respect of the bank loan.

No notice has been served in respect on either loan facility at the date of approval of these financial statements and the College fully expects the events of default to be resolved by 31 July 2021.

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 26 October 2020 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 2019 to 31 July 2020 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 2019 to 31 July 2020 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 2019 to 31 July 2020 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.

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Dated: 29 January 2021