Ealing, Hammersmith & West London College

Report and Financial Statements

for year end 31 July 2017

West London's College

wlc.ac.uk

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 2016/17:

Garry Phillips	–	CEO; Accounting officer
Janet Gardner	–	Executive Director and Principal
Urmila Rasan	–	Executive Director Finance & Shared Services
Raymond Shilling	–	Executive Director Planning and Business Development

Board of Governors

A full list of Governors is given on page 12-13 of these financial statements.

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

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Internal auditors:
Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

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

Solicitors:
Eversheds LLP
1 Wood Street
London
EC2V 7WS

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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 31st July 2017.

Legal status

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

Mission, Vision and Values

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

Visions:

- Further Education: The leading college for enterprise, progression and employment.
- Higher Education: The leading provider of technical/vocational and academic education which is sector-relevant, flexible and affordable.
- Apprenticeships and Employer Engagement: A local, regional and national provider of apprenticeships and skills training.
- Schools: To provide a sound and robust high quality academic and technical education to pupils.
- International: The leading College in international for skills, education and training in London.

Our values:

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

- Excellence: Relentless drive for excellence in all that we do.
- Ambitious: Supporting innovation and creativity, and seeking opportunities to enhance all aspects of the College business.
- Focus: We are professional and purposeful, working towards our shared strategic goals ensuring we contribute to the wider social and economic environment.
- Accountability: Taking personal responsibility for finding solutions.
- Inclusion: We are open, welcoming and supportive. Our commitment to equality and diversity underpins everything we do.
- Integrity: We work to uphold our values in our planning and decision-making, our teaching and learning, our actions and relationships. We aim to be fair, open, honest and accountable to the communities we serve and to treat all with respect.

Public Benefit

Ealing, Hammersmith & West London College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 12-13.

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

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

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

Implementation of strategic plan

The College adopted a strategic plan for the period 1st August 2016 to 31st July 2017. This strategic plan includes property and financial plans. The Governing Body monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

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

The College is on target for achieving these objectives.

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

Performance indicators

The College is committed to observing the importance of sector measures and indicators, and uses the FE Choices data available on the GOV.UK website which looks at measures such as:

- Learner achievement rates.
- Learner number growth and achievement of ESFA funding targets.
- EBITDA Education specific
- Staffing costs as a % of income
- Liquidity and Borrowing ratios
- Staff utilisation
- Cash days in hand

The College is assessed by the Education and Skills Funding Agency ("ESFA") as having a "Satisfactory" financial health grading.

FINANCIAL POSITION

Financial results

The College incurred a £2,621k deficit before an in-year impairment of assets charge of £5,384k (2015/16 – deficit of £1,460k), with total comprehensive income of £34.6 million in 2016/17 (2015/16 -£41.1 million). The reduction in income from £41.1 million in 2015/16 to £34.6 million in 2016/17 is mainly attributed to the closure of the Acton campus with the exception of the Construction, STEM & Engineering department. The loss of staff, as a result, has seen staff costs (including Fundamental restructuring costs) being reduced by £2,365k in this financial year.

The College has accumulated reserves of £18.5 million with cash and short term investment balances of £11.6 million. The College wishes to continue to accumulate reserves and cash balances in order to invest in staffing and resources.

Due to the changes in circumstances, the College impaired part of the Hammersmith site in preparation for the planned new build. The shortfalls between the carrying value of the fixed assets and their recoverable amounts were recognised as impairments, and amounted to £13.6m as reflected in the fixed assets schedule, being £13.1m for freehold Land and Buildings and £533k for Equipment.

Tangible fixed asset additions during the year amounted to £3,915k.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

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

Cash flows and liquidity

There was a net cash outflow of £11.6 million primarily resulting from the Hammersmith & Fulham project (In 2015/16 there was a net cash inflow of £21.6 million).

Accommodation Strategy

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

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 stands at £25.5 million (2015/2016: £31.6 million).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE TO RESOURCES

Student numbers

In 2016/17 the College has delivered activity that has produced £26.1 million in funding body main allocation funding (2015/16 – £32. 2 million). The College had approximately 13,240 funded and 4,606 non-funded students (2015/16 – 12,283 funded and 5,504 non-funded students)

Student achievements

Students continue to prosper at the College. Achievement rates rose in 2016/17 to 91.2 percent from 85.3 percent in 2015/2016.

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 2016 to 31st July 2017, the College paid 90 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to report.

RESOURCES:

Financial

The College has £18.5 million of net assets (including £23.1 million pension liability) and long term debt of £10 million.

People

The College employs 479 people (expressed as full time equivalents), of whom 186 are teaching staff.

Accommodation

The College is implementing its accommodation strategy. Currently the College is working on the H&F Gateway project, Acton decant and the West London College Construction Skills Academy. A lot of progress in designs for the new Gateway building through RIBA Stages 1, 2 and 3 of which costs of £4.1m have been capitalised in the year. A part of the building has been impaired and written off in readiness for demolition.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES:

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

Major Capital Redevelopment

In the year, the College has completed significant planning work on the redevelopment of the Hammersmith site. The College continues to implement the capital strategy, which include largely incremental growth and activity, subject to cash flow and affordability.

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

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2016/17, 71% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

1. Tuition fee policy

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

This risk is mitigated in a number of ways:

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

2. Maintain adequate funding of pension liabilities

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

STAKEHOLDER RELATIONSHIPS

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

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers
- Local authorities
- Local Enterprise Partnerships (LEPs)

- The local community
- Other FE institutions
- Trade unions
- Professional bodies

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

Equal Opportunities

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

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

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

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

Disability statement

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

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.

b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.

c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.

d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Governing Body on 21st December 2017 and signed on its behalf by:

Tony Alderman.

Tony Alderman

Chair of the Governing Body

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") and
iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31st July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted at the Board meeting on 14th July 2015.

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

The Governing Body

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

Members of the Governing Body 1st August 2016 up to and including 31st July 2017 and up to the date of signing this report

Name	Date of Appointment	Term of Office	Date term ended or resigned	Status of appointment	Officer positions Committees Served Company Directorships	Attendance in 2016/17
Tony Alderman (Chair)	23/10/2014	23/10/2020		Independent Member	The Governing body Remuneration Search & Development Finance Task and Finish Quality Task and Finish	8 of 9 2 of 2 2 of 2 3 of 3 3 of 3
Garry Phillips (Principal and Chief Executive)	01/07/2014			CEO / Principal	The Governing body Search & Development Remuneration Finance Task and Finish Quality Task and Finish	9 of 9 2 of 2 2 of 2 3 of 3 3 of 3
Heather Clay (Vice Chair)	27/03/2014	30/03/2020		Independent Member	The Governing body Remuneration Quality Task and Finish (Chair)	6 of 9 2 of 2
Julia Clements-Elliott	01/01/14	31/12/2020		Independent Member	The Governing body Audit Search & Development (Chair) Remuneration	9 of 9 2 of 3 2 of 2 2 of 2
Adrian Asuquo	20/09/2016	20/09/2019		Independent Member	The Governing body Search and Development Quality Task and Finish	7 of 9 1 of 2 2 of 3
Joanne Fintzen	26/03/2015	26/03/2018		Independent Member	The Governing body Audit	8 of 9 2 of 3
Sundeep Sangha	26/03/15	26/03/2018		Independent Member	The Governing body Audit	5 of 9 2 of 3
Michael Heanue	14/07/2015	14/07/2018		Independent Member	The Governing body Finance Task and Finish (Chair) Quality Task and Finish	7 of 9 2 of 2 3 of 3 3 of 3
Cllr. Binda Rai	24/05/2017	24/05/2020		Independent Member	The Governing body	2 of 9
John Jeffcock	15/03/2016	15/03/2019		Independent Member	The Governing body Audit	7 of 9
Denise Waldron	23/11/2016	23/11/2019		Staff Member	The Governing body	7 of 9
Juliet Fallowfield	12/07/2016	12/07/2019	**13/12/2016**	Independent Member	The Governing body	2 of 9
Jacinda Poku-Prempch	12/12/2016	Academic Year	**18/01/2017**	Student	The Governing body	0 of 9
Nick Ratcliffe	23/09/2014	23/09/2018	**21/06/2017**	Independent Member	The Governing body Audit (Chair)	8 of 9 3 of 3
Deana Badawy	12/12/2016	Academic Year	**19/07/2017**	Student	The Governing body	4 of 9
Jim Conybeare-Cross	31/07/2016	30/07/2017	**19/07/2017**	Independent Member	The Governing body Remuneration Finance Task and Finish	5 of 9 1 of 2 3 of 3
Hassan Rizvi	01/03/2016	28/02/19	**19/07/2017**	Staff Member	The Governing body Finance Task and Finish	5 of 9 2 of 3

Name	Date of Appointment	Term of Office	Date term ended or resigned	Status of appointment	Officer positions Committees Served Company Directorships	Attendance in 2016/17
Lucy Taylor	14/07/2015	14/07/2018	**19/07/2017**	Independent Member	The Governing body Finance Task and Finish	7 of 9 3 of 3
Nicci Golland	01/03/2016	28/02/19	**13/09/2017**	Staff Member	The Governing body Quality Task and Finish	7 of 9 3 of 3
Mr Keith Scribbins, acts as Clerk to the Governing Body.						

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

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Governing Body meets at least once a term and in 2016 - 2017 met nine times.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are: Finance and General Purposes, Remuneration, Audit, Search and Development, Curriculum Quality and Performance Monitoring and Task and Finish Group. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website at http://www.wlc.ac.uk/ or from the Clerk to the Governing Body at:

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

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Governing Body, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Governing Body as a whole.

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

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Governing Body

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search & Development Committee,

consisting of three members of the Governing Body, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required.
Members of the Governing Body are appointed for a term of office normally of three years, not exceeding four years

Governing Body performance

Remuneration Committee

Throughout the year ending 31 July 2017 the College's Remuneration Committee comprised five members of the Governing Body. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee

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

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

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

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

Task and Finish Groups

The Task and Finish Groups meets as deemed necessary; in 2016-17 it met three times. The general purpose of the Groups is to provide to the Chair of the Governing body and the Principal and Chief Executive advice on strategic matters, within the remit of the Governing Body, on a as and when basis between meetings of the Governing Body. The Group is expected to supplement the work of the Committees and to provide a rapid response to challenges facing the college particularly those connected with financial stability, good quality outcomes and a sustainable future. There are two Task and Finish Groups.

Finance Task & Finish Group

The Finance Task & Finish Group meets as deemed necessary; in 2016-17 it met three times. It fulfils its main responsibilities including making recommendations to the Governing Body about the annual budget, monitoring performance in relation to the approved budget, the College companies, VAT, cash flow forecasts, investment policy, financial regulations. Under delegated authority from the Governing Body it approves the framework for terms and conditions for the College's staff except for senior post holders.

Quality Task and Finish Group

The Quality Task and Finish Group meets as deemed necessary; in 2016-17 it met three times. It advises the Governing Body on the framework for the College's quality assurances, processes and report structures; and monitors performance against targets.

Internal control

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memorandum between Ealing, Hammersmith and West London College and the funding bodies. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2017 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 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts

- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

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

Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2017 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2017.

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Body is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Going concern

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 21st December 2017 and signed on its behalf by:

Tony Alderman

Tony Alderman
Chair of the Governing Body

Garry Phillips
Accounting Officer

Statement of Regularity, Propriety and Compliance

The Governing Body has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

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

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Garry Phillips
Accounting Officer
21st December 2017

Tony Alderman
Chair of Governors
21st December 2017

Statement of Responsibilities of the Members of the Governing Body

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

Within the terms and conditions of the College's Financial Memorandum the ESFA, the Governing Body, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Governing Body is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare a Report of the Governing Body which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Governing Body must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Governing Body are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Governing Body on 21st December 2017 and signed on its behalf by:

Tony Alderman

Tony Alderman
Chair of the Governing Body

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

Opinion

We have audited the financial statements of Ealing, Hammersmith & West London College (the College) for the period ended 31 July 2017 which comprise the consolidated and college statement of comprehensive income, the consolidated and college balance sheet, consolidated and college statement 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' as set out in our engagement letter dated 18 July 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and College's affairs as at 31 July 2017 and of the Group and College's deficit of income over expenditure for the period 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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governors are responsible for the 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. Our opinion on the financial statements does not

cover the other information and, except to the extent otherwise explicitly stated in our report, 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 2016 to 2017 issued by the Department for Education requires us to report to you if, in our opinion:

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

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

As explained more fully in the Statement of the Governing Body's Responsibilities set out on page 19, 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 Corporation is responsible for assessing 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 Corporation either intend to liquidate 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.

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement letter dated 18 July 2017. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required under our engagement letter dated 18 July 2017 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 22 December 2017

Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	26,059	26,059	32,209	32,209
Tuition fees and education contracts	3	6,913	6,913	7,794	7,794
Other grants and contracts	4	-	-	361	361
Other Income	5	1,558	1,558	687	687
Investment income	6	53	53	49	49
Total income		**34,583**	**34,583**	**41,100**	**41,100**
EXPENDITURE					
Staff costs	7	23,948	23,948	24,711	24,711
Restructuring costs	7	732	732	2,334	2,334
Other operating expenses	8	9,912	9,912	12,726	12,726
Depreciation	11	1,575	1,575	1,817	1,817
Interest and other finance costs	9	1,037	1,037	972	972
Total expenditure		**37,204**	**37,204**	**42,560**	**42,560**
Deficit before other gains and losses		**(2,621)**	**(2,621)**	**(1,460)**	**(1,460)**
Profit on disposal of assets	11	-	-	7,198	7,198
Impairment of assets	11	(5,384)	(5,384)	-	-
(Deficit)/Surplus for the Year		**(8,005)**	**(8,005)**	**5,738**	**5,738**
Actuarial gain/(loss)in respect of pensions schemes	24	6,409	6,409	(9,866)	(9,866)
Total Comprehensive Income for the Year		**(1,596)**	**(1,596)**	**(4,128)**	**(4,128)**

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

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group and College			
Balance at 1 August 2015	**2,030**	**30,464**	**32,494**
Surplus from the income and expenditure account	5,734	-	5,734
Sale of asset	5,248	(5,248)	-
Other comprehensive income	(9,866)	-	(9,866)
Transfers between revaluation and income and expenditure reserves	514	(514)	-
Balance at 31 July 2016	**3,660**	**24,702**	**28,362**
Brought forward from 31 July 2016	**3,660**	**24,702**	**28,362**
Deficit from the income and expenditure account	(8,005)	-	(8,005)
Other comprehensive income	6,409	-	6,409
Impairment charge Hammersmith site	-	(8,235)	(8,235)
Transfers between revaluation and income and expenditure reserves	264	(264)	
Balance at 31 July 2017	**2,328**	**16,203**	**18,531**

Consolidated and College Balance sheets as at 31 July 2017

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Fixed Assets					
Tangible Fixed Assets	11	41,291	41,291	52,572	52,572
Intangible Assets		231	231	-	-
Investments	12	-	-	-	-
		41,522	**41,522**	**52,572**	**52,572**
Current Assets					
Debtors	13	6,335	6,335	1,104	1,104
Cash at bank and in hand	18	11,653	11,653	23,267	23,267
		17,988	**17,988**	**24,371**	**24,371**
Current Liabilities					
Less: Creditors – amounts falling due within one year	14	(6,449)	(6,449)	(7,714)	(7,714)
Net Current Assets		**11,539**	**11,539**	**16,657**	**16,657**
Total Assets less Current Liabilities		**53,061**	**53,061**	**69,229**	**69,229**
Less: Creditors – amounts falling due after more than one year	15	(9,989)	(9,989)	(11,298)	(11,298)
Provisions for liabilities					
Defined Benefit Obligations	17	(1,410)	(1,410)	(1,537)	(1,537)
Other Provisions	17	(23,132)	(23,132)	(28,032)	(28,032)
Total Net Assets		**18,531**	**18,531**	**28,362**	**28,362**
Reserves					
Unrestricted Reserves					
Income and Expenditure account		25,460	25,460	31,692	31,692
Pension Liability		(23,132)	(23,132)	(28,032)	(28,032)
Income and Expenditure including Pension Liability		2,328	2,328	3,660	3,660
Revaluation Reserve		16,203	16,203	24,702	24,702
Total Unrestricted Reserves		**18,531**	**18,531**	**28,362**	**28,362**

The financial statements on pages 23 to 47 were approved and authorised for issue by the Governing Body on 21st December 2017 and were signed on its behalf on that date by:

Tony Alderman

Tony Alderman
Chair

Garry Phillips

Garry Phillips
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Cash inflow from operating activities			
(Deficit)/surplus for the year		(8,005)	5,734
Adjustments for non-cash items			
Depreciation		1,575	1,817
Deferred capital grants released to income		(988)	(988)
Capital Grant Property release		-	(2,641)
FRS102 net pension contribution		(1,070)	(1,318)
(Increase)/decrease in stocks		-	-
(Increase)/decrease in debtors		(5,231)	661
Decrease in creditors due within one year		(1,264)	(4,227)
Decrease in creditors due after one year		-	(54)
(Decrease)/increase in provisions		(127)	58
Pensions costs less contributions payable		2,579	2,402
Adjustment for investing or financing activities			
Interest payable		321	345
Interest receivable		(53)	(49)
Taxation paid		-	-
Profit on sale of fixed assets		-	(7,198)
Impairment of assets		5,384	-
Net cash flow from operating activities		**(6,879)**	**(5,458)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	28,597
Payments made to acquire fixed assets		(4,146)	(927)
		(4,146)	**27,670**
Cash flows from financing activities			
Interest paid		(321)	(345)
Interest received		53	49
Repayments of amounts borrowed		(321)	(322)
		(589)	**(618)**
(Decrease)/increase in cash equivalents in the year		**(11,614)**	**21,594**
Cash and cash equivalents at beginning of the year	18	23,267	1,673
Cash and cash equivalents at end of the year	18	11,653	23,267

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 13. The nature of the College's operations are set out in the Report of the Governing body.

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

Basis of Accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), under the historical cost convention, modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, 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 2017.

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.
The College currently has £3.2 million of loans outstanding with bankers. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Recognition of income

Grants – government and non-government

Revenue grant funding

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

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end. Where this process involves negotiations in respect of over achievement or adjustment to claw back in respect of underachievement, where negotiations are subsequent to the year end, they are not reflected in the income recognised.

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

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

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

Capital grant funding- government grants

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

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration. Income from tuition fees is recognised over the period for which it is received.

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

Retirement benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Fixed asset investments

College

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

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

Tangible fixed assets

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

Land and buildings

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

- Buildings – 20 to 50 years

Freehold land is not depreciated.

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

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

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

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Building improvements — 7-13 years
- Motor vehicles — 4 years
- Computer equipment — 4 years
- Furniture, fixtures and fittings — 4 years

Intangible fixed assets

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

Impairments of fixed assets

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

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.

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

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

Investments

Investments in subsidiaries

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

Taxation

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

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

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

Cash at bank and in hand

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

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

Financial liabilities and equity

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 loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Provisions and contingent liabilities

Provisions are recognised when:

- the College has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation,
- and a reliable estimate can be made of the amount of the obligation.

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

- *Hammersmith Development*

  It is probable that the Hammersmith Development shall be completed despite the lack of planning permission, and as such the impairment of the fixed assets was required and the professional planning costs were/will be capitalised.

Other key sources of estimation uncertainty

- *Impairment of fixed assets*

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

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. Assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. 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 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent Grants				
Education and Skills Funding Agency - adult	11,600	11,600	11,171	11,171
Education and Skills Funding Agency - 16 -18	12,114	12,114	15,597	15,597
Education and Skills Funding Agency - apprenticeships	1,219	1,219	1,736	1,736
Higher Education Funding Council	138	138	76	76
Specific Grants				
Releases of government capital grants	988	988	3,629	3,629
Total	**26,059**	**26,059**	**32,209**	**32,209**

3 Tuition fees and education contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult Education Fees	3,494	3,494	3,750	3,750
Fees for FE Loan Supported Courses	753	753	648	648
Fees for HE Loan Supported Courses	658	658	1,164	1,164
International Students Fees	-	-	265	265
Total Tuition Fees	**4,905**	**4,905**	**5,827**	**5,827**
Education Contracts	2,008	2,008	1,967	1,967
Total	**6,913**	**6,913**	**7,794**	**7,794**

4 Other grants and contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	-	-	361	361
Total	**-**	**-**	**361**	**361**

5 Other Income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and Residences	12	12	13	13
Other Income Generating Activities	993	993	250	250
Other Grant income	-	-	-	-
Miscellaneous income	553	553	424	424
Total	**1,558**	**1,558**	**687**	**687**

6 Investment income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	53	53	49	49
Total	**53**	**53**	**49**	**49**

7 Staff costs - Group and College

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

	2017	2016
	No.	No.
Teaching staff	186	244
Non-teaching staff	293	254
	479	**498**

Staff costs for the above persons

	2017	2016
	£'000	£'000
Wages and salaries	14,690	16,323
Social security costs	1,540	1,425
Other Pension Costs	2,903	2,639
Payroll sub total	**19,133**	**20,387**
Contracted out staffing services	4,815	4,324
	23,948	**24,711**

Restructuring costs - Contractual	732	2,334
Total Staff costs	**24,680**	**27,045**

Key management personnel

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

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

	2017	**2016**
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	**10**	**8**

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

	Key management personnel		**Other Staff**	
	2017	**2016**	**2017**	**2016**
			No.	**No.**
Up to £60,000	-	3	-	-
£60,001 to £70,000	2	-	-	-
£70,001 to £80,000	1	-	-	-
£80,001 to £90,000	4	1	-	-
£110,001 to £120,000	-	3	-	-
£120,001 to £130,000	2	-	-	-
£190,001 to £200,000	-	1	-	-
£250,001 to £260,000	1	-	-	-
	10	**8**	**-**	**-**

Key management personnel emoluments are made up as follows:

	2017 £'000	2016 £'000
Salaries	1,015	966
Benefits in kind	-	-
Employers NIC	106	101
Pension contributions	143	139
Total Emoluments	**1,264**	**1,206**

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

	2017 £'000	2016 £'000
Salaries and bonus	260	198
Benefits in kind	-	-
	260	198
Employers NIC	27	21
Pension contributions	37	29
	324	**248**

8 Other operating expenses

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	3,087	3,087	4,872	4,872
Non-teaching costs	3,623	3,623	4,501	4,501
Premises costs	3,202	3,202	3,353	3,353
Total	**9,912**	**9,912**	**12,726**	**12,726**

Deficit/Surplus before taxation is stated after charging:	Group £'000	College £'000	Group £'000	College £'000
Financial statements audit	40	40	35	35
Internal audit	45	45	72	72
Hire of other assets – operating leases	111	111	108	108
Impairment of fixed assets	5,384	5,384	-	-
	5,580	**5,580**	**215**	**215**

9 Interest and other finance costs - Group and College

	2017	2016
	£'000	£'000
On bank loans, overdrafts and other loans:	321	345
Net interest on defined pension liability	716	627
Total	**1,037**	**972**

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

	Land & Buildings	Equipment	Computers	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2016	81,522	3,620	3,359	88,501
Additions	931	1,533	1,451	3,915
Impairment	(13,084)	(535)	-	(13,619)
At 31 July 2017	**69,369**	**4,618**	**4,810**	**78,797**
Depreciation				
At 1 August 2016	29,757	3,317	2,857	35,931
Charge for the year	1,010	565	-	1,575
Elimination in respect of disposals	-	-	-	-
At 31 July 2017	**30,767**	**3,882**	**2,857**	**37,506**
Net book value at 31 July 2017	**38,602**	**736**	**1,953**	**41,291**
Net book value at 31 July 2016	51,765	303	505	52,572

The land and buildings of Hammersmith and West London College were valued as at 31 July 1999 and the land and buildings of Ealing Tertiary College were valued as at 31 July 1997. Both these valuations were made, by firms of independent chartered surveyors, at depreciated replacement cost. Currently the funding bodies do not require further property valuations to take place. Other tangible assets, inherited from the LEA at incorporation, have been valued by the College on a depreciated replacement cost basis.

Land and buildings with a net book value of £8,063k have been funded from capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds to the funding bodies or use them in accordance with the financial memorandum with the funding bodies. If these land and buildings had not been re-valued, they would have been included with a net book value of nil. Included in land and buildings is inherited land valued at £7,700k which is not depreciated. The College impaired part of the Hammersmith site in preparation for the planned new build.

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

The subsidiary company has no tangible fixed assets.

12 Fixed asset Investments - college	2017	2016
	£'000	£'000
Subsidiary undertakings	-	-
Total	-	-

The College owns 100 per cent of the issued ordinary £1 shares of EVOLVE Learning Group Limited, a company 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.

13 Debtors

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade debtors	340	340	481	481
Other Debtors	4,479	4,479	19	19
Prepayments and accrued income	1,516	1,516	604	604
Total	**6,335**	**6,335**	**1,104**	**1,104**

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

14 Creditors: amounts falling due within one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Bank loans and overdrafts	321	321	342	342
Trade creditors (payables)	1,466	1,466	469	469
Other taxation and social security	912	912	1,169	1,169
Accruals and deferred income	987	987	2,157	2,157
Payments received in advance	149	149	1,359	1,359
Amounts owed to funding bodies	1,079	1,079	-	-
VAT Deferment Scheme	12	12	37	37
Holiday Pay Accrual	536	536	1,193	1,193
Government grants (capital)	987	987	988	988
Total	**6,449**	**6,449**	**7,714**	**7,714**

15 Creditors: amounts falling due after one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Bank loans	2,914	2,914	3,235	3,235
Government grants (capital)	7,075	7,075	8,063	8,063
Total	9,989	9,989	11,298	11,298

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	321	321	342	342
Between one and two years	342	342	364	364
Between two and five years	1,164	1,164	1,239	1,239
In five years or more	1,408	1,408	1,632	1,632
Total	**3,235**	**3,235**	**3,577**	**3,577**

The College took out a £6,000,000 unsecured loan with Barclays Bank in December 2006. Quarterly capital repayments with interest started on 1st December 2006 and will end on 2nd September 2024. A fixed interest rate of 6.28% is applicable to this loan, which was renegotiated during the year ended 31st July 2015 to 8.28%.

17 Provisions

	Group and College		
	Enhanced pensions £'000	**Defined Benefit Obligations £'000**	**Total £'000**
At 1 August 2016	1,537	28,032	29,569
Expenditure in the period	(127)	(4,900)	(5,027)
Additions in the Period	-	-	-
At 31 July 2017	**1,410**	**23,132**	**24,542**

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

The principal assumptions for this calculation are:

	2017	**2016**
Price Inflation	3.74%	3.74%
Discount rate	2.5%	2.5%

18 Cash and cash equivalents

	At 1 August 2016 £'000	**Cash Flows £'000**	**At 31 July 2017 £'001**
Cash and cash equivalents	23,267	(11,614)	11,653
Total	**23,267**	**(11,614)**	**11,653**

19 Financial Instruments

The Group has the following financial instruments:	Group and College	
	2017	2016
	£'000	£'000
Financial assets		
Debt instruments measured at amortised cost	4,819	500
Financial liabilities		
Financial liabilities measured at amortised cost	7,452	8,755

20 Capital and other Commitments

	Group and College	
	2017	2016
	£'000	£'000
Commitments contracted for 31st July	820	1,976
	820	1,976

21 Commitments under operating leases

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

	Group and College	
	2017	2016
	£'000	£'000
Other		
Not later than one year	32	32
Later than one year and not later than five years	-	87
	32	**119**

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

22 Retirement Benefits

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

Total pension cost for the year	**2017 £'000**	**2016 £'000**
Teachers' Pension Scheme: contributions paid	922	878
Local Government Pension Scheme:		
Contributions paid	1,070	1,318
FRS 102 (28) charge	783	398
Charge to the Statement of Comprehensive Income	2,775	2,594
Enhanced pension charge to Statement of Comprehensive Income	128	45
Total Pension Cost for Year within staff costs	**2,903**	**2,639**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.
The latest actuarial valuation was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. The key results of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the year amounted to £922k (2016: £878k)

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Hammersmith & Fulham Local Authority. The total contributions made for the year ended 31 July 2017 were £1,721k, of which employer's contributions totalled £1,318k and employees' contributions totalled £403k. The agreed contribution rates for future years are 15.2% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	**At 31 July 2016**
Rate of increase in salaries	4.20%	4.00%
Future pensions increases	2.70%	2.20%
Discount rate for scheme liabilities	2.70%	2.60%

	At 31 July 2017 years	**At 31 July 2016** years
Retiring today		
Males	21.0	21.8
Females	24.3	25.4
Retiring in 20 years		
Males	23.3	24.2
Females	26.6	27.7

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 2017 £'000	**Fair Value at 31 July 2016 £'000**
Equity instruments	30,020	21,776
LDI/Cash flow matching	-	3,698
Target return portfolio	10,157	10,291
Infrastructure	2,207	2,990
Commodities	-	226
Property	3,189	1,582
Cash	3,394	1,761
Total fair value of plan assets	**48,967**	**42,324**

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

	2017	2016
	£'000	£'000
Fair value of plan assets	42,324	42,324
Present value of plan liabilities	(72,075)	(70,331)
Present value of unfunded obligation	(24)	(25)
Net pensions (liability)/asset (Note 19)	**(29,775)**	**(28,032)**

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

	2017	2016
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,790	1,565
Past service cost, including curtailments	18	151
Total	**1,808**	**1,716**
Amounts included in investment income		
Net interest on the defined liability (asset)	716	627
	716	**627**
Amount recognised in Other Comprehensive Income		
Administration Expenses	55	59
Amount recognised in Other Comprehensive Income	**55**	**59**

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

	2017	2016
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	56,214	56,214
Movement in year:		
Current service cost	1,790	1,565
Interest Cost	1,813	2,135
Change in financial assumptions	5,003	10,471
Estimated benefits pad net of transfers in	(1,723)	(581)
Past service costs, including curtailments	18	151
Contributions by Scheme participants and other employers	371	403
Unfunded pension payments	(2)	(2)
Defined benefit obligation	**63,484**	**70,356**

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

	Group 31 July 2017 £'000	Group 31 July 2016 £'000
Opening Fair Value of Fund assets	42,324	39,132
Expected return on Fund assets	-	-
Interest on Assets	1,097	1,508
Return on assets less interest	5,302	605
Other actuarial gains/(losses)	583	-
Total actuarial gains/(losses)	-	-
Administration expenses	(55)	(59)
Contributions by employer including unfunded	1,070	1,318
Contributions by scheme participants and other employers	371	403
Estimated benefits paid plus unfunded net of transfers in	(1,725)	(583)
Settlement prices received/(paid)	-	-
Closing fair value of Fund Assets	**48,967**	**42,324**

24 Defined liability

	Group 31 July 2017 £'000	Group 31 July 2016 £'000
Return on Fund assets in excess of interest	5,302	605
Other actuarial gains/(losses) on assets	583	-
Total actuarial gains/(losses)	-	-
Change in financial assumptions	(5,003)	(10,471)
Change in demographic assumptions	1,336	-
Experience gain/(loss) on defined benefits obligation	4,191	-
Changes in effect of asset ceiling	-	-
Re-measurement of the net assets	**6,409**	**(9,866)**

25 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. There has been governor compensation during the year.

Key management compensation disclosure is given in note 7.

26 Amounts Disbursed as agent

	2017 £'000	2016 £'000
Funding body grants – bursary support	289	1516
Funding body grants – discretionary learner support	-	602
	289	2,118
Disbursed to students	(272)	(1,394)
Administration costs	(14)	(88)
Balance unspent as at 31 July, included in creditors	3	636

27 Contingent Liabilities

There is an on-going liability in respect of over and under declarations of pension deductions from employees and the College as employer for the Teachers Pensions Scheme. This has accrued over a number of years due to errors by the College's payroll supplier. We are in discussion with the supplier to establish liability and we expect this exercise to be complete in 2017/18. Until this is resolved there remains a considerable liability on the College for these arrears and compound interest, where it is not easy to calculate values but a provision of £33k has been made using best estimate (2016: £117k).

28 Post Balance Sheet events

There are no post balance sheet events to report.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION EALING, HAMMERSMITH & WEST LONDON COLLEGE, AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 18 July 2017 and further to the requirements of the Financial Memorandum published by the Skills Funding Agency to obtain limited assurance about whether the expenditure disbursed and income received by Ealing, Hammersmith & West London College (the 'College) during the period 1 August 2016 to 31 July 2017 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 1 August 2016 to 31 July 2017 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 2016 to 2017 issued by the Department for Education. 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 Education and Skills Funding Agency has other assurance arrangements in place.

We are independent of the 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 the governing body of Ealing, Hammersmith & West London College for regularity

The governing body of the College was responsible, under the funding agreement 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 governing body of Ealing, Hammersmith & West London College is 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 Post-16 Audit Code of Practice 2016 to 2017.

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 1 August 2016 to 31 July 2017 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 funding agreement with the Education Funding Agency 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.

This report is made solely to the corporation of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the Department for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the Department for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the Department for Education for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
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Dated 22 December 2017