

Report and Financial Statements for the Year Ended 31 July 2018



WEST THAMES COLLEGE

KEY MANAGEMENT PERSONNEL, MEMBERS OF THE CORPORATION AND PROFESSIONAL ADVISERS

Key Management Personnel

Key Management Personnel are defined as members of the Corporation together with the members of the College Executive Team which was represented by the following in 2017-18:

Tracy Aust, Principal and CEO; Accounting Officer
David Evans, Vice Principal – Curriculum & Quality (from 2 July 2018)
Graeme Baker, Executive Director – Business Development & Student Experience
Mark Cooper, Executive Director – Finance & Compliance
Katrinn Lehmann, Executive Director – Curriculum (in post until 31 July 2018)
Michael Michaelides, Executive Director – Resources

Members of the Corporation

A full list of Members is given on pages 10 and 11 of these financial statements.

Jon Allen acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Internal auditors

MHA MacIntyre Hudson LLP
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Bankers

Barclays plc
Level 28
1 Churchill Place
London
E14 5HP

Lloyds Commercial Banking Group Plc
4th Floor
25 Gresham Street
London
EC2V 7HN

Solicitors

Mills & Reeve LLP
Francis House,
112 Hills Road
Cambridge
CB2 1PH

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West Thames College
London Road - Isleworth - Middlesex - TW7 4HS

Tel 020 - 8326 2000 Fax 020 - 8326 2001
email: info@west-thames.ac.uk
website : www.west-thames.ac.uk

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2018

NATURE, OBJECTIVES AND STRATEGIES

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

Legal status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting West Thames College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

College vision, values and principles

The College's vision, values and principles were agreed after a six-month College-wide consultation process and are subject to regular review to ensure they continue to meet requirements. All College managers are expected to demonstrate these values and principles through their leadership and management with the support of all members of staff. The College's vision, as approved by its members, is as follows:

West Thames will be a vibrant college, inspiring all our learners to fulfil their dreams and ambitions. Our outstanding education and training will contribute to a prosperous and cohesive community.

Underpinning this vision are our four shared values and beliefs of:

- Integrity
- Excellence
- Equality
- Respect

Public Benefit

West Thames 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 Corporation, who are trustees of the charity, are disclosed on pages 10 and 11.

In setting and reviewing the College's strategic objectives, the Corporation 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

In July 2010 the Corporation agreed three long-term strategic goals which have been reviewed and retained as still current. The strategic goals are:

- To provide an OUTSTANDING learning experience for all our learners
- To be INNOVATIVE and RESPONSIVE to current and future needs
- To provide an EXCELLENT environment and resources

Specific annual objectives are agreed by the Corporation and circulated to all staff. The College's specific development objectives for 2017-18 and achievement of those objectives are addressed below:

In Goal 1: To provide an OUTSTANDING learning experience for all our learners

In November 2017, the College was inspected by Ofsted and an overall judgement of 'requires improvement' was given. In response to this, the College set out a very detailed Post Inspection Action Plan (PIAP) and took the appropriate interventions where required in order to drive the quality improvements needed. The progress made

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2018 (cont.)

against the areas requiring improvement was rigorously monitored and reviewed, which included regular updates to the Corporation. The PIAP replaced goal 1 of providing an outstanding learning experience. Significant progress was made against the areas identified for improvement with a much sharper focus on the quality of teaching, learning and assessment (TLA). The end of year position for TLA shows an improved position with improvements having been secured in all 6 aspects of TLA. These improvements have contributed to good achievement rates for 16-18s and for adult students.

Of the eleven objectives under goals 2 and 3 of the 2017-18 Development Plan, seven were fully met and three were partially met.

In Goal 2: To be INNOVATIVE and RESPONSIVE to current and future needs of our communities

Four of the five objectives from goal 1 were fully or partially met.

- Curriculum progression activities for students aged 16-18 were strengthened and progression targets were met, resulting in an increased proportion of students progressing internally to a higher level, progressing into or at work, or being placed through the UCAS system.
- Our curriculum planning process was revised to ensure the offer is relevant in meeting the needs of our local community and that all courses have 'a clear line of sight' to a career.
- A structured programme of employer engagement activities was established and all full-time students aged 16-18 were able to gain experience of work through a variety of work placements, work experience, employer-led or community projects and enterprise activities.
- The logistics curriculum offer to adults at the Skills + Logistics Centre grew significantly and is now well embedded and Apprenticeship numbers in logistics are increasing.

The College will continue work to strengthen the planning and delivery of marketing, recruitment and interview activities to secure growth in enrolment numbers and meet funding allocations.

In Goal 3: To provide an EXCELLENT environment and resources

Five of the six objectives were fully met and one was partially achieved.

- A revised CPD programme and training linked to quality improvement was implemented as part of ensuring the College provides a highly-skilled workforce to meet the current and future demands of the curriculum.
- The College established an enhanced and bespoke programme of leadership and management training, the first module of which was undertaken by the College Management Team in 2017-18. Projects arising from the training have all made significant progress and have been completed within the planned timeframe. The second training module will be offered in 2018-19.
- The College continued to explore and develop partnership opportunities which align with our core mission and values and allow us to build a broader financial base and improve efficiency.
- Agreed and documented processes to improve budget management and control were established. These contributed to the College meeting key financial targets, including attainment of a 'Good' financial health grade, growth in operating surplus, and maintenance of staff costs as a percentage of income in line with the sector target.
- Processes and systems were developed to enable a more effective and efficient information exchange with Governors and stakeholders. This included development of a Governors' portal and new data dashboard to report and monitor progress against agreed KPIs.
- Utilisation of the College's estate was improved through development of opportunities to maximise use of facilities throughout the calendar year. Additional work will be undertaken in 2018-19 to fully develop and deliver the College's commercial strategy to bring about growth in net income.

Financial objectives

The College's continuing financial objectives are to manage and allocate resources so as to achieve its aims:

- Maintain the sound finances required to deliver our services.
- Meet or exceed budgeted revenue income and operate within budgeted expenditure each year.
- Increase non-funding agency income through target-setting.
- Manage cash resources to meet planned improvements in buildings and facilities.
- Continue to raise the awareness of College staff of the financial constraints and competitive environment within which it must operate.

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

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2018 (cont.)

Performance indicators

Key performance Indicator	Measure/Target	2017-18 Actual
ESFA 16-19 student numbers	2,093	1,932
Adult Education Budget income	£3,235k	£3,402k*
Staff costs as % of income	<65%	64.1%
Operating surplus	£450k	£504k
Adjusted current ratio	>2:1	1.8:1
Financial Health Score	Good	Good

*Actual delivery of Adult Education Budget provision is valued at £3,402k, which exceeds the allocation by £167k (5.2%). As over-delivery is not normally funded by the ESFA, the income recognised in the Statements of Comprehensive Income and shown in Note 2 to the Financial Statements is the allocation value of £3,235k.

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 achievement rates.

The College is required to complete the annual Finance Record for the Education & Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated a deficit before other gains and losses in the year of £521k (2016-17 £544k), with total comprehensive income for the year of £2,533k (2016-17 £358k). The result in 2017/18 is stated after adjustment for FRS 102 (28) and enhanced pension charges of £1,025k (2016-17 £842k).

The College had accumulated income and expenditure reserves of negative £5,142k (2016-17 negative £7,707k) and cash and short term investment balances of £5,839k (2016-17 £4,457k) at 31 July 2018.

Tangible fixed asset additions during the year amounted to £1,223k (2016-17 £1,026k). This was split between buildings of £675k (2016-17 £172k) and equipment (including MIS related additions) of £548k (2016-17 £854k).

The College significantly relies on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017-18, the funding bodies provided 82% (2016-17 80%) of the College's total income.

The College has one wholly owned subsidiary company, Logistics Skills Alliance Limited, which is a company limited by guarantee. It has been dormant since its incorporation in March 2013.

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 Corporation and shall comply with the requirements of the Financial Memorandum. There was no short-term borrowing required during the year.

Cash flows and liquidity

The operating cash in-flow for the year was £2,484k (2016-17 £1,659k).

At the year end, the College had an unsecured bank loan of £8,483k (2016-17 £8,743k) in order to help finance the new build on its main site. The loan is part of agreed long term facility with Barclays.

The size of the College's total borrowing, and its approach to interest rates, have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow.

Reserves Policy

The College has no formal reserves policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stood at £8,490k excluding the £13,632k defined benefit pension obligation (2016-17 £8,049k and £15,756k respectively). The College's free reserves at 31 July 2018 equating to the net current assets were £1,217k (2016-17 £1,101k). It is the Corporation's intention to increase reserves by the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2017/18, the College delivered activity that produced £15,566k (2016-17 £14,976k) in main funding body allocation. The College had approximately 6,000 (2016-17 6,200) students.

Student achievements

Specific areas for improvement from 2016-17 were identified through the Self-Assessment Report (SAR) process and measures were in place to achieve sustained improvement. In summary, achievement rates were largely maintained at the high levels of 2016-17 and, although actual achievement fell just short of the overall College target of 87%, 2017-18 achievement rates preserve the consistently strong position that we have held in recent years.

Overall

The 2017-18 achievement rate for classroom-based education and training was 85.4%, which is 1.7 percentage points above the National Rate of 83.7%.

16-18

The achievement rate of 82% is the same as in 2016-17 and is one percentage point above the National Rate of 81%.

19+

The 2017-18 achievement rate was 89%, which is two percentage points above the National Rate of 87%.

Apprenticeships

The 2017-18 overall achievement rate was 74% and the timely achievement rate was 51%. These rates represent a three-year improving trend in Apprenticeships achievement.

English and maths

GCSE achievements met or were close to target following improvements and there was strong performance at Entry level Functional Skills and Functional Skills maths at level 1.

High Grades

In 2017-18, 48% of students on Level 3 courses achieved a high grade. This exceeded the College target of 40% and was an 11% increase on 2016-17.

Curriculum developments

The curriculum offer is reviewed annually in order to ensure that it meets the needs of the local community and responds to identified skills gaps.

Following development of the new Skills + Logistics Centre in 2015-16 at our Feltham campus, which directly addressed skills gaps in the priority area of logistics, we have embedded and grown direct delivery of high-quality vocational training with clear routes to employment. We are working successfully in partnership with JCP and employers in delivering training in a range of areas such as logistics operations, warehouse management, forklift and goods vehicle driving. We are also developing our Apprenticeship offer and have a number of starts with large employers on the new Apprenticeship Standard in International Freight Forwarding.

The College continues to deliver a range of part-time and evening courses on both sites to up-skill adults and provide them with skills and knowledge to improve employment prospects. In a year in which local unemployment rates have fallen, our Pre-Employment Training programmes have grown through the introduction of a new ESOL pathway which provides increased opportunities for progression for these learners. PET courses have been provided to the most disadvantaged learners and those hardest to reach with achievement rates maintained at a high level.

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2018 (cont.)

A key focus for the College is to provide clear progression routes into employment, further training or Higher Education and many curriculum areas offer provision from Entry level through to Degree level. In addition to our own directly funded HE provision, we continued to work in partnership with some key HE providers to ensure good progression routes.

The College has well-developed 16-19 Study Programmes offering students a balanced curriculum centred around a main vocational or academic qualification and these have been further developed for 2018-19 to enhance the employability skills of students and increase focus on English and maths. In 2017-18, we continued to extend our employability projects through a new centralised model to enable effective review and monitoring. Through this approach, 100% of full-time students aged 16-18 were able to gain experience of work through a variety of work placements, work experience, employer-led or community projects and enterprise activities. Work experience with some high-profile local employers included:

- Health & Care students working with Certitude Care Homes
- Business students working with the finance team at the Renaissance Hotel chain
- ICT students working with Chiswick Computers
- Construction students working with Tanner Gas
- Sports students working with both Brentford FC and Fusion Lifestyle
- Hair & Beauty students working with Toni & Guy

'Live' employer briefs and challenges have augmented this extensive range of relevant work experience and include:

- Carpentry & Joinery students constructing a juice bar used by Elephant Juice at South Bank
- Engineering students presenting a series of designs and modelling to improve journey experience and safety with TfL
- ICT students working with Age UK on the development of an application for the elderly

Our partnerships with Ambitious about Autism (AaA) and Woodbridge Park Education Service (WPES) have strengthened over the year. Ongoing collaboration with AaA includes extended curriculum infill and bespoke provision for some students attending Ambitious College, which has since 2016 been located at our Isleworth campus. The College and WPES, who are co-located at our Feltham campus, have undertaken joint curriculum planning to provide progression opportunities and 'taster' sessions for WPES students.

We continue to offer provision suitable for advanced learner loans and GCSE English and maths provision for those who have not yet achieved a level 2 qualification remains a priority.

Events after the end of the reporting period

There are no post balance sheet events to report.

Future prospects

As recommended in the positive FE Commissioner Diagnostic Report of May 2018, which endorsed the College's approach and capacity to deliver the quality improvements required, an application to the Strategic College Improvement Fund (SCIF) was submitted and this received approval in October. The grant funding received will finance a project to make significant improvements to attendance on 16-19 Study Programmes in six key areas of the curriculum. We will work East Kent College as our Quality Improvement Partner across the duration of the project which will run to the end of the 2018-19 academic year.

LBH has made a successful free school application for a Social Emotional Mental Health (SEMH) school for up to seventy 11-19 year olds. This presents an opportunity for the College to extend its collaboration with AaA and WPES through submission of a joint bid to run the school. We already support some students with SEMH needs and have a good track record of supporting students with EHCPs to achieve and progress. College involvement in this new free school fits well with our long-term strategic plans and would bring mutual benefits. If successful, the school would sit under the AaA Multi-Academy Trust and the College would be a partner alongside WPES.

In accordance with another FEC recommendation, we will update our space utilisation data by conducting a full room survey in November to assist in determining future priorities. To build on 2017-18 improvements in space utilisation, we intend to accommodate a new sixth form provision for The Rise School (part of the AaA group) as a second co-located partner at our Isleworth site. This will bring opportunities for The Rise School students to infill on College vocational courses whilst benefitting from a wider programme, including wrap-around support and pastoral care provided by The Rise School staff.

We will further develop the work of our membership organisation – the Logistics Skills Alliance (LSA) – which provides training solutions for the thriving local logistics industry. Through the LSA, we will strengthen our focus on

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2018 (cont.)

Apprenticeships and new commercial provision and help bridge the gap between young people and the logistics sector.

Going Concern

The financial position of the College, its cash flow, liquidity and borrowings are described in detail in the financial statements and accompanying notes.

The College had £8,483k of loans outstanding at 31 July 2018 with Barclays Bank plc on terms negotiated in 2008. Additionally, Barclays have said they will consider a request from the College for a short-term unsecured facility if needed. The terms of the existing agreement are for up to another 19 years. 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 and make repayments as they fall due.

The Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future after making appropriate enquiries taking into account factors likely to affect its future development and performance.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main College site in London Road, which underwent a four-year major redevelopment ending in 2011, and a satellite leasehold site in Feltham which undergone capital investment of over £3m in the last few years. The Skills + Logistics Centre at our Feltham campus hosts vocational courses mainly in Logistics, Construction, Engineering and Motor Vehicles.

Financial

The College has £2,110k (2016-17 £4,643k) of net liabilities including £13,632k (2016-17 £15,756k) pension liability and long-term debt of £8,483k (2016-17 £8,743k). The College has £1,217k (2016-17 £1,101k) of net current assets.

People

The College employed approximately 324 people (expressed as full-time equivalents), of whom 115 were teaching staff during 2017-18.

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 expanding external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

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

A Board Assurance Framework is in use and a risk register is maintained at the College level which is reviewed at each meeting of the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2018 (cont.)

1. Government funding

The College has considerable reliance on continued Government funding through the Education & Skills Funding Agency (ESFA) and through the Office for Students (OfS). In 2017-18, approximately 95% of the College's revenue was ultimately public 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.

The College is aware of several issues which may impact on future funding

- Increased localisation and delegation of the Adult Education Budget to the Greater London Authority
- Funding for new non-Levy Apprenticeships dependent on success in any future procurement process
- An ongoing reduction in real terms of funding for 16-19 study programmes and classroom-based provision for adults through the ESFA
- The threat of increased competition from HE institutions
- Brexit and subsequent impact on availability of European Social Funding (ESF)
- Expected increase in TPS contribution rates

This risk is mitigated in a number of ways:

- Rigorous attention to delivering high-quality education and training.
- Maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Participating in the Hounslow 14-19 Strategic Partnership and the Hounslow Economic Business Forum.
- Continual review of the cost base and efficiency of the organisation and taking prompt in-year action to make changes when required.
- Collaboration with strategic partners including co-located organisations to improve resource utilisation and generate additional net income.
- Implementing strategies to reduce dependency on income from public funded sources.
- Robust risk management processes subject to regular review and monitoring at management and governor level.

2. Tuition fee policy

In line with the majority of other colleges, West Thames College will increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees are increased. 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.

3. 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.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Good" as described above. Notwithstanding that, the continuing challenge to the College in maintaining an excellent student experience and strong financial position remains the constraint on further education funding arising from the ongoing cuts in real terms to public sector spending. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in-year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

5. Other potentially material risks include failure to recruit and retain sufficient student volumes in order to achieve funding targets and inability to recruit or retain staff within allocated pay budgets. These risks are being actively monitored and mitigated as far as possible with contingency plans in place. In particular, attention is paid to monitoring performance against targets for enrolments and success.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers
- Local Authorities, particularly Hounslow
- Government offices and 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 stakeholders through the College internet site, bulletin publications and through various meetings and forums.

Equality and Diversity

West Thames College is committed to providing high-quality education and training that reflects best practice in equality and diversity. We seek to promote equality and diversity and to avoid discrimination on grounds of the protected characteristics as set out in the Equality Act 2010.

Our goal is for all of our students to be successful and we provide them with the support necessary to achieve this goal. We work to ensure our students value the diversity of others and we actively promote good relations between students.

We aim to recruit staff from diverse backgrounds, provide them with rewarding work, support their professional development and value their contributions to the College. The College will ensure that no job applicant is disadvantaged, or treated less favourably, because of conditions or requirements not related to the job. The College will consider requests for part-time working, flexible working and/or job sharing on their merit taking account of the needs and demands of the service.

The College encourages the active participation of all sections of the community and we work to provide learning opportunities that accommodate diversity and raise the aspirations and achievements of students and staff.

Disability statement

The College welcomes students with disabilities and/or learning difficulties and has made significant investment in specialised equipment, establishing an effective Inclusion team, and specialist lecturers to support students with learning difficulties and disabilities.

The College employs student support assistants, who provide a range of support for learning, and also specialist counselling and welfare staff. The College has a specialist facility for students with profound and complex learning needs.

The College buildings have been substantially adapted with lifts, ramps and automatic doors to allow access for wheelchair users, and there are several adapted toilets and reserved car parking. Wheelchair access is available to all communal student facilities and to 98% of the classrooms.

In October 2016, the College was certified a 'Disability Confident Employer'. Prior to this, the College has since 2005 been accredited with the Positive about Disabled People "two ticks" disability symbol, demonstrating its commitment to developing all members of staff and making full use of their abilities.

Trade union facility time

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
3	2.64

Percentage of time spent on facility time	Number of employees
1-50%	3

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Total cost of facility time	£6,071
Total pay bill	£12,324,255
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	Nil
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Disclosure of information to the auditor

The members who held office at the date of approval of this report confirm that, as far as they are each aware, there is no relevant audit information of which the College's auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 13th December 2018 and signed on its behalf by:



Simon Wilcox
Chair

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2017 to 31st July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ('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 members of the Corporation, the College complies with all the provisions of the Code and it has complied throughout the year ended 31st July 2018. The Governing Body recognises that, as a body entrusted with both public and private funds, it has 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 on August 2015 with the exception of Clause 9.29 – the number of Terms of Office will be for the Corporation to determine based on need with no prescribed limit.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The members of the Corporation, 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 Corporation

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

	Date(s) of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served at time of approving the Financial Statements	Attendance record for Corporation meetings in the academic year 01/08/17 to 31/07/18
Mr Simon Wilcox (Chair)	15/10/14 re-appointed 15/10/18	4 years	-	Independent	2, 3, 5	5/5
Mr John Bolt	17/12/08; re-appointed 17/12/12 17/12/16	4 years	-	Independent	2, 3, 4	5/5
Mr Tommy White (Vice Chair)	07/02/11 re-appointed 07/02/15	4 years	-	Independent	2, 5	3/5
Ms Tracy Aust (Chief Executive)	01/04/16	Ex officio	-	Principal	3, 4, 5	5/5

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018 (cont.)

	Date(s) of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served at time of approving the Financial Statements	Attendance record for Corporation meetings in the academic year 01/08/17 to 31/07/18
Mr Alan Hillman	19/07/18	4 years		Independent	4	1/1
Mr Andrew Ward	01/01/18	4 years		Independent	4	2/3
Mr James Bryant	01/01/18	4 years	Independent	1	3/3	N/A
Mr Michael Marks	08/10/18					
Ms Charanjit Singh	01/08/10 re-appointed 01/08/14 01/08/18	4 years	-	Independent	1, 2, 3, 4	5/5
Ms Linda Graves	01/08/10 re-appointed 01/08/14	4 years	31/12/17	Independent	1, 2	2/2
Ms Mary Harpley	01/02/12 re-appointed 01/02/16	4 years	31/7/18	Independent	2	2/2
Dr Bruce Armstrong	01/08/14 re-appointed 01/08/18	4 years	-	Independent	4	3/5
Mr Michael Michaelides	17/12/14	4 years	31/12/17	Staff representative	5	2/2
Ms Alma Patterson	21/10/09 re-appointed 01/04/14 01/04/18	4 years	-	Teaching staff representative	3, 4	4/5
Mr Mustakh Ahmed	03/11/17	2 year		Student representative	4	2/3
Miss Nickol Duszniak	03/11/17	1 year	31/07/18	Student representative	4	3/3
Miss Ghazia Mazhar	08/10/18	1 year		Student representative	4	N/A
Ms Michaela Izquierdo	26/11/12 re-appointed 26/11/16	4 years	-	Non Governor Co-opted Member of the Audit Committee	1	N/A

Mr Jonathan Allen acts as a Clerk to the Corporation.

¹ Member of the Audit Committee, chaired by James Bryant

² Member of the Remuneration Committee, chaired by Simon Wilcox

³ Member of the Search Committee, chaired by Simon Wilcox

⁴ Member of the Quality & Equality Advisory Group, chaired by Dr Bruce Armstrong

⁵ Member of the Finance & Capital Projects Advisory Group, chaired by Tommy White

As at 13 December 2018 there were no vacancies.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018 (cont.)

The Audit Committee since 17 October 2012 has one co-opted member, Ms Michaela Izquierdo, who is not a member of the Board.

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

The Corporation 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 Corporation held six meetings during the year.

The Corporation conducts its business through five committees. Each committee has terms of reference, approved by the Corporation. The committees are the Quality & Equality Advisory Group, Search, Audit, Remuneration and Finance & Capital Projects Advisory Group. Full minutes of all meetings, except those deemed by the Corporation to be confidential, are published on the College website and are also available from the Clerk to the Corporation at:

West Thames College
London Road
Isleworth
Middlesex
TW7 4HS

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

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

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal of the College are separate.

Appointments to the Corporation

New appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee comprising up to five members, which is responsible for the selection and nomination, for the Corporation's consideration, of any new members (with the exception of elected staff and student members). The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office of up to four years. Appointments may be made for a shorter period if the Board deems it appropriate in the circumstances. Student members are appointed for one year.

Corporation performance

Governors provided strong and challenging leadership, with a relentless focus on continuous improvement. The College maintained a high overall student achievement rate, improved the quality of teaching, learning and assessment and continued to invest to significantly enhance the learning environment. The College achieved the financial health category of "Good".

The Corporation played a highly effective role in strategic planning. Briefings at each Corporation meeting and good Governor links with curriculum areas ensured Corporation Members were sufficiently well-informed to be able to steer the educational character of the College.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018 (cont.)

The Corporation continued to review strategic options in the light of reduced funding and increased competition. In a series of strategic planning sessions Corporation Members focussed on the changing educational, financial and policy context to inform an appraisal of the College's options.

The process for setting clear improvement targets which are systematically monitored is well established. In 2017-18 the majority of the improvement targets were met and/or made significant progress. The College Development Plan sets annual objectives grouped under three strategic goals. The Corporation ensures challenging targets are set for these objectives, and these are monitored at each Corporation meeting using a dashboard of key indicators. The Strategic Risk register cross references these strategic objectives and identifies external sources of assurance for the Board.

Remuneration Committee

The Remuneration Committee's Terms of Reference state that membership comprises of up to five members.

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 and to advise on the appointment of the Clerk to the Corporation.

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

Audit Committee

The Audit Committee's Terms of Reference state that membership comprises of up to three members (excluding the Accounting Officer and Chair).

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee normally meets once a term and provides a forum for reports from the College's internal, regularity 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 implementing agreed recommendations and internal auditors undertake periodic follow up reviews to ensure that such recommendations have been implemented.

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

Internal Control

Scope of responsibility

The Corporation 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 Corporation 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between West Thames College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018 (cont.)

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 West Thames College for the year ended 31 July 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation 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 Corporation 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 year ended 31 July 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

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 Corporation;
- regular reviews by the Corporation 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; and
- the adoption of formal project management disciplines, where appropriate.

West Thames 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 Corporation 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 Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditor;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements and regularity auditor in their management letters and other reports.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2018 (cont.)

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


The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from the 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 Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the Executive Team and the internal auditor, and taking account of events since 31 July 2018.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation 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"*.

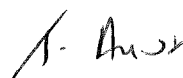
Going Concern

After making appropriate enquiries, the Corporation 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 Corporation on 13 December 2018 and signed on its behalf by:



Simon Wilcox
Chair



Tracy Aust
Accounting Officer

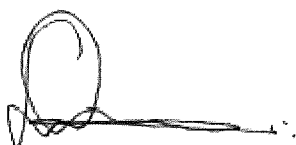
WEST THAMES COLLEGE

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

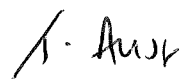
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm, on behalf of the Corporation, 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.



Simon Wilcox
Chair
13 December 2018



Tracy Aust
Accounting Officer
13 December 2018

WEST THAMES COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, 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, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation is required to:

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

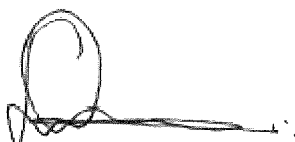
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and to 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 to safeguard 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 Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 13 December 2018 and signed on its behalf by:



Simon Wilcox
Chair

WEST THAMES COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST THAMES COLLEGE

We have audited the financial statements of West Thames College for the year ended 31 July 2018, which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

BASIS FOR OPINION

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

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 Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college'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 Corporation is responsible for the other information. The other information comprises the information included in the annual report, 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.

WEST THAMES COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST THAMES COLLEGE (cont.)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF THE CORPORATION

As explained more fully in the Statement of Responsibilities of Members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 intends to liquidate the College or to cease operations, or has 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required 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 College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date:  December 2018

WEST THAMES COLLEGE

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF WEST THAMES COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("THE DEPARTMENT")

In accordance with the terms of our engagement letter dated 6 June 2017 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by West Thames College during the period 1 August 2017 to 31 July 2018 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of West Thames College and Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of West Thames College and the Department 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 West Thames College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Corporation of West Thames College and the Reporting Accountant

The Corporation of West Thames College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. 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 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly by the Department. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

WEST THAMES COLLEGE

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF WEST THAMES COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("THE DEPARTMENT") (Cont.)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:



Buzzacott LLP
Chartered Accountants

Date 20 December 2018

WEST THAMES COLLEGE

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £000	2017 £000
Income			
Funding body grants	2	16,793	16,294
Tuition fees and education contracts	3	3,481	4,273
Other income	4	1,262	1,177
Investment income	5	18	25
Total Income		21,554	21,769
Expenditure			
Staff costs	6	13,435	13,397
Fundamental restructuring and other costs	6	92	21
Other operating expenses	7	5,275	5,548
Depreciation	10	2,385	2,464
Interest and other finance costs	8	888	883
Total Expenditure		22,075	22,313
Deficit before other gains and losses		(521)	(544)
Deficit before tax		(521)	(544)
Taxation	9	-	-
Deficit for the year		(521)	(544)
Actuarial gain in respect of pension scheme	23	3,054	902
Total comprehensive income for the year		2,533	358
Represented by:			
Unrestricted comprehensive income		2,533	358
Restricted comprehensive income		-	-
		2,533	358

WEST THAMES COLLEGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2018

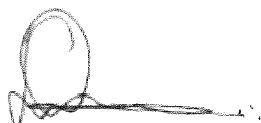
	Income and expenditure account	Revaluation reserve	Total
	£000	£000	£000
Balance at 31st July 2016	(8,097)	3,096	(5,001)
Deficit from the income and expenditure account	(544)	-	(544)
Other comprehensive expenditure	902	-	902
Transfers between revaluation and income and expenditure reserves	32	(32)	-
Total comprehensive income for the year	390	(32)	358
Balance at 31 July 2017	(7,707)	3,064	(4,643)
Deficit from the income and expenditure account	(521)	-	(521)
Other comprehensive income	3,054	-	3,054
Transfers between revaluation and income and expenditure reserves	32	(32)	-
Total comprehensive income for the year	2,565	(32)	2,533
Balance at 31st July 2018	(5,142)	3,032	(2,110)

WEST THAMES COLLEGE

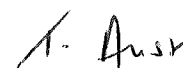
BALANCE SHEETS AS AT 31 JULY 2018

		2018 £000	2017 £000
Non current assets	Notes		
Tangible fixed assets	10	<u>65,228</u>	<u>66,390</u>
Current assets			
Stocks		5	7
Trade and other receivables	12	711	561
Cash	18	5,839	707
Short-term deposits	13	-	3,750
Total current assets		<u>6,555</u>	<u>5,025</u>
Less:			
Creditors: amounts falling due within one year	14	(5,338)	(3,924)
Net current assets		<u>1,217</u>	<u>1,101</u>
Total assets less current liabilities		<u>66,445</u>	<u>67,491</u>
Less: Creditors - amounts falling due after more than one year	15	(53,604)	(55,064)
Provisions			
Defined benefit obligations	17, 23	(13,632)	(15,756)
Other provisions	17	(1,319)	(1,314)
TOTAL NET LIABILITIES		<u>(2,110)</u>	<u>(4,643)</u>
Unrestricted reserves			
Income and expenditure account		(5,142)	(7,707)
Revaluation reserve		3,032	3,064
TOTAL UNRESTRICTED RESERVES		<u>(2,110)</u>	<u>(4,643)</u>

The financial statements on pages 22 to 43 were approved by the governing body on 13 December 2018 and were signed on its behalf by:



Simon Wilcox
Chair



Tracy Aust
Accounting Officer

WEST THAMES COLLEGE

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 JULY 2018

	2018 £000	2017 £000
Cash inflow from operating activities		
Deficit for the year	(521)	(544)
Adjustment for non cash items		
Depreciation (note 10)	2,385	2,464
Decrease in stock	2	1
(Increase)/Decrease in debtors (note 12)	(150)	8
Increase/(Decrease) in creditors due within one year	584	(829)
Decrease in creditors due after one year	(1,186)	(636)
Increase/(Decrease) in provisions (note 17)	5	(98)
Pensions costs less contributions payable	495	435
Adjustment for investing or financing activities		
Investment income	(18)	(25)
Interest payable (note 8)	888	883
Net cash inflow from operating activities	<u>2,484</u>	<u>1,659</u>
Cash flows from investing activities		
Investment income (note 5)	18	25
Withdrawal of deposits	3,750	1,500
New deposits	-	(3,750)
Payments made to acquire fixed assets	(407)	(1,338)
	<u>3,361</u>	<u>(3,563)</u>
Cash flows from financing activities		
Interest paid (note 8)	(453)	(467)
Repayments of amounts borrowed	(260)	(247)
	<u>(713)</u>	<u>(714)</u>
Increase/(Decrease) in cash and cash equivalents in the year	<u>5,132</u>	<u>(2,618)</u>
	£000	£000
Cash and cash equivalents at beginning of the year	<u>707</u>	<u>3,325</u>
Cash and cash equivalents at end of the year	<u>5,839</u>	<u>707</u>

1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 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). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

Going concern

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

The College currently has £8,483k of a loan outstanding with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 19 years. This is a 25 year fixed rate loan. 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 and make repayments as they fall due. Additionally, Barclays have said they will consider a request from the College for a short-term unsecured facility if needed.

Accordingly the College has a reasonable expectation that it has adequate resources for its activities 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

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for 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, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Income from other grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

Capital grant funding

Government capital grants are capitalised, held as deferred income within creditors allocated between creditors due within one year and creditors due after more than one year as appropriate, and recognised in income over the expected useful life of the asset under the accrual model as permitted by FRS 102.

Fee income

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

Investment income

All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support and bursary funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. These are shown separately in note 25, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Hounslow Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the statement of comprehensive income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

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 and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets – Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the statement of comprehensive income on an annual basis.

Land and buildings acquired and building improvements since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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 capital grant account and are released to the statement of comprehensive income over the expected useful economic life of the related asset on a 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, but not to adopt a policy of revaluations of these properties in the future.

Leasehold improvements

Improvements to leasehold properties are included on the balance sheet at depreciated cost where they increase the future benefits to the college. Depreciation on leasehold improvements is charged on a straight-line basis over length of the lease.

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 £250 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:

Motor vehicles	-	3 years on a straight-line basis
Computer equipment & software	-	4 years on a straight-line basis
Furniture, fittings and general equipment	-	5 years on a straight-line basis
Cabling equipment	-	10 years on a straight-line basis

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy. The related grants are credited to a deferred capital grant account and are released to the statement of comprehensive income over the expected useful economic life of the related asset on a 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 value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

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 to the Statement of Comprehensive Income and Expenditure.

Inventories

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Cash and cash equivalents

Cash includes cash in hand as well as accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Deposits for more than three months but less than one year have been disclosed as short term deposits.

Financial liabilities

Financial liabilities 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 College 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). Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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 a minor element of vat charged on 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.

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

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.

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.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2 FUNDING BODY GRANTS

	2018 £000	2017 £000
Recurrent grants		
Education and Skills Funding Agency - adult	3,235	3,508
Education and Skills Funding Agency – 16 -18	11,652	10,509
Education and Skills Funding Agency - apprenticeships	342	588
Education and Skills Funding Agency - other income	140	225
Higher Education Funding Council	254	284
Specific Grants		
Releases of Government capital grants	1,170	1,180
TOTAL	16,793	16,294

3 TUITION FEES AND EDUCATION CONTRACTS

	2018 £000	2017 £000
Adult education fees	576	690
Apprenticeship fees and contracts	9	1
Fees for FE loan supported courses	449	498
Fees for HE loan supported courses	500	997
International students fees	37	7
Total tuition fees	1,571	2,193
Education contracts	1,910	2,080
TOTAL	3,481	4,273

4 OTHER INCOME

	2018 £000	2017 £000
Catering	349	352
Other income generating activities	102	77
Miscellaneous income	763	708
Releases of other Government capital grants	48	40
TOTAL	1,262	1,177

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

5 INVESTMENT INCOME

	2018 £000	2017 £000
Interest receivable	18	25
TOTAL	18	25

6 STAFF COSTS

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

	2018 Number	2017 Number
Teaching staff	114	111
Non - teaching staff	201	203
TOTAL	315	314

Staff costs for the above persons:

	2018 £000	2017 £000
Wages and salaries	9,741	9,552
Social security costs	787	736
Other pension costs	1,796	1,663
Payroll sub-total	12,324	11,951
Contracted out staffing services	1,111	1,446
	13,435	13,397
Redundancy payments including severance and payments in lieu of notice and other settlement costs	92	21
TOTAL	13,527	13,418

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 Corporation together with the College Executive Team which in 2017/18 comprised of the Principal and four Executive Directors of Curriculum, Funding & Finance, Resources and Performance, Development & Student Experience.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

	2018 Number	2017 Number
The number of remunerated Key Management Personnel (KMP) including the Accounting Officer was:	<u>5</u>	<u>5</u>

In addition, the new role of Vice Principal - Curriculum & Quality was filled in July 2018. As this role replaces one of the existing KMP roles and is effective from August 2018 it has been excluded from the figures reported here.

The number of Key Management Personnel who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	2018 Number	2017 Number
£50,001 to £60,000 p.a.	2	2
£70,001 to £80,000 p.a.	2	2
£120,001 to £130,000 p.a.	1	1
	<u>5</u>	<u>5</u>

No other staff received emoluments exceeding £60,000 p.a. (2017: none).

Key Management Personnel emoluments are made up as follows:

	£000	£000
Salaries - gross of salary sacrifice and waived emoluments	387	383
Employer's National Insurance	48	47
	<u>435</u>	<u>430</u>
Pension contributions	50	49
Total emoluments	<u>485</u>	<u>479</u>

There were no amounts due to Key Management Personnel that were waived in the year, and there were no salary sacrifice arrangements in place.

The above emoluments include amounts below paid to the Accounting Officer (who was also the highest paid senior postholder) during the year.

	2018 £000	2017 £000
Salary	129	128
Benefits-in-kind	-	-
	<u>129</u>	<u>128</u>
Pension contributions	<u>21</u>	<u>21</u>

The members of the Corporation other than the Accounting Officer and the two staff representatives did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties (see note 24).

WEST THAMES COLLEGE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018****7 OTHER OPERATING EXPENSES**

	2018 £000	2017 £000
Teaching costs	574	610
Non teaching costs	2,861	3,301
Premises costs	1,840	1,637
TOTAL	<u>5,275</u>	<u>5,548</u>

Other operating expenses include:

	2018 £000	2017 £000
Auditor's remuneration :		
- Financial statements audit	31	30
- internal audit	14	25
- other services provided by the financial statements auditors	2	2
Hire of plant and machinery - operating leases	<u>109</u>	<u>96</u>

8 INTEREST PAYABLE

	2018 £000	2017 £000
On bank loan repayable wholly or partly in more than five years	453	467
Pension finance costs (note 23)	435	416
TOTAL	<u>888</u>	<u>883</u>

9 TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this year or the previous year.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

10 TANGIBLE FIXED ASSETS

	Land & Buildings Freehold £000	Long Leasehold £000	Equipment & Vehicles £000	Total £000
Cost or valuation				
At 1 August 2017	71,933	5,134	8,814	85,881
Additions	106	569	548	1,223
Disposal of assets	-	-	(1,015)	(1,015)
At 31 July 2018	<u>72,039</u>	<u>5,703</u>	<u>8,347</u>	<u>86,089</u>
Depreciation				
At 1 August 2017	11,052	1,072	7,367	19,491
Charge for the year	1,662	-	723	2,385
Disposal of assets	-	-	(1,015)	(1,015)
At 31 July 2018	<u>12,714</u>	<u>1,072</u>	<u>7,075</u>	<u>20,861</u>
Net book value At 31 July 2018	<u>59,325</u>	<u>4,631</u>	<u>1,272</u>	<u>65,228</u>
Net book value At 1 August 2017	<u>60,881</u>	<u>4,062</u>	<u>1,447</u>	<u>66,390</u>

11 NON-CURRENT INVESTMENTS

The College has one wholly owned subsidiary company, Logistics Skills Alliance Ltd, which is a company limited by guarantee. It has been dormant since its incorporation in March 2013. The Accounting Officer of the College is the ex-officio sole member.

12 TRADE AND OTHER RECEIVABLES

	£000 2018	£000 2017
Amounts falling due within one year:		
Trade receivables	449	368
Prepayments and accrued income	262	193
TOTAL	<u>711</u>	<u>561</u>

£22k (2017- £31k) amount owed by the ESFA has been netted off against amounts owed to the funding agency (note 14).

There were no debtors falling due after more than one year.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

13 CURRENT INVESTMENTS

	2018 £000	2017 £000
Short term deposits	-	3,750
	<u>-</u>	<u>3,750</u>

Deposits at 31 July 2017 were held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Bank loan (note 16)	273	259
Trade payables	1,654	872
Other taxation and social security	339	331
Accruals and deferred income	1,498	852
Deferred income - government capital grants	1,204	1,204
Amounts owed to the ESFA	370	406
TOTAL	<u>5,338</u>	<u>3,924</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018 £000	2017 £000
Bank loan (note 16)	8,210	8,484
Deferred income - government capital grants	45,394	46,580
	<u>53,604</u>	<u>55,064</u>

The bank loan relates to an agreed 25 year fixed term unsecured facility from May 2012 to April 2037 with Barclays plc with rate fixed at 5.26%. This loan was taken out to part fund the redevelopment of the College's Isleworth campus.

16 MATURITY OF DEBT

	2018 £000	2017 £000
Bank loan is repayable as follows:		
In one year or less (note 14)	273	259
Between one and two years	286	273
Between two and five years	928	908
In five years or more	6,996	7,303
TOTAL	<u>8,483</u>	<u>8,743</u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

17 PROVISIONS

	Defined benefit Obligations £000	Enhanced Pensions £000	Total £000
At 1 August 2017	15,756	1,314	17,070
Payments in the year	(678)	(90)	(768)
Adjustments in period	(1,446)	95	(1,351)
At 31 July 2018	<u>13,632</u>	<u>1,319</u>	<u>14,951</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 23.

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

The principal assumptions for this calculation are:

	2018	2017
Interest rate	2.30%	2.30%
Net interest rate	<u>1.30%</u>	<u>1.30%</u>

18 CASH AND CASH EQUIVALENTS

	At 01/08/17 £000	Cashflows £000	At 31/07/18 £000
Cash in hand and at bank	707	5,132	5,839
TOTAL	<u>707</u>	<u>5,132</u>	<u>5,839</u>

19 CAPITAL AND OTHER COMMITMENTS

There were no commitments contracted for at 31 July (2017: Nil)

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

20 LEASE OBLIGATIONS

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

Land and buildings

The College has a lease arrangement with London Borough of Hounslow for the Skills + Logistics Centre site to 2026. Both parties have agreed in principle to extend this further to 2047. The principal term of the current lease is a 15 year tenure commenced in April 2011 of which the first ten years are rent free and then revert to a rack rent for the remaining years.

Other

	2018 £000	2017 £000
Not later than one year	109	96
Later than one year and not later than five years	42	136
	<u>151</u>	<u>232</u>

21 CONTINGENCIES

The Corporation is not aware of any such liabilities (2017: none).

22 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

23 DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Hounslow. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and the LGPS 31 March 2016.

	Year ended 31 July 2018 £000	Year ended 31 July 2017 £000
Total pension cost for the year		
Teachers Pension Scheme: contributions payable	623	599
Local Government Pension Scheme:		
Contributions payable	678	629
FRS 102 (28) charge	<u>495</u>	<u>435</u>
	1,173	1,064
Charge to the Statement of Comprehensive Income (note 6)	<u>1,796</u>	<u>1,663</u>
Enhanced pension charge/(credit) to Statement of Comprehensive Income (note 17)	95	(9)
Total Pension Cost for Year	<u>1,891</u>	<u>1,654</u>

Contributions amounting to £108k (2017 £109k) were payable to the schemes at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools, and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, are set out in regulations under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis, - these contributions, along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

23 DEFINED BENEFIT OBLIGATIONS (cont.)

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £623,000 (2017: £599,000).

FRS 102 (28)

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

Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hounslow Local Authority. The total contribution made for the year ended 31 July 2017 was £874k (2017 - £822k) of which employer's contributions totalled £678k (2017 - £629k) and employees' contributions totalled £196k (2017 - £193k).

The employer contribution rate in respect of future service for the College is 13.2%. In addition, set annual deficit recovery sums are payable as follows - 2018/19 £278k and 2019/20 £285k.

Employee contributions range from 5.5% to 12.5%, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Scheme at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	2018	2017
Rate of increase in salaries	3.9%	4.2%
Rate of increase for pensions in payment	2.4%	2.7%
Discount rate for scheme liabilities	2.7%	2.7%
Inflation assumption (CPI)	2.4%	2.7%
Commutation of pensions to lump sums	<u>50.0%</u>	<u>50.0%</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

23 DEFINED BENEFIT OBLIGATIONS (cont.)

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

	2018	2017
<i>Retiring today</i>		
Males	21.5	21.4
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	23.7	23.6
Females	27.5	27.4

Sensitivity analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	32,202	32,853	33,518
Projected Service Cost	1,048	1,074	1,101
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	32,900	32,853	32,806
Projected Service Cost	1,074	1,074	1,074
Adjustment to pension increase and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	33,472	32,853	32,246
Projected Service Cost	1,101	1,074	1,048
Adjustment to life expectancy assumptions	+0.1%	0.0%	-0.1%
Present value of total obligation	34,037	32,853	31,712
Projected Service Cost	1,108	1,074	1,041

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July	Value at 31 July 2018 £'000	Long-term rate of return expected at 31 July 2017	Value at 31 July 2017 £'000
Equities	62 %	11,805	66 %	11,434
Gilts	5 %	938	3 %	571
Other bonds	8 %	1,535	11 %	1,965
Property	5 %	954	5 %	865
Absolute Return Funds	18 %	3,524	14 %	2,551
Cash	2 %	465	1 %	215
Total fair value of plan assets	100%	19,221	100%	17,601

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

	2018 £'000	2017 £'000
Fair value of plan assets	19,221	17,601
Present value of plan liabilities	(32,853)	(33,357)
Net pensions liability (Note 17)	(13,632)	(15,756)

Amounts recognised in the statement of comprehensive income in respect of the plan are as follows:

	2018 £'000	2017 £'000
Current service cost	1,173	1,058
Total	1,173	1,058

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

23 DEFINED BENEFIT OBLIGATIONS (cont.)

	2018 £'000	2017 £'000
Amounts included in interest payable		
Net interest cost including admin costs	435	416
	<u>435</u>	<u>416</u>
	£'000	£'000
Return on pension plan assets in excess of interest	926	1,398
Experience gains arising on defined benefit obligations	-	506
Changes in assumptions underlying the present value of plan assets & liabilities	2,128	(1,002)
Amount recognised in Other Comprehensive Income	<u>3,054</u>	<u>902</u>

Movement in net defined benefit liability during year

	2018 £'000	2017 £'000
Net defined benefit liability in scheme at 1 August	(15,756)	(15,807)
Movement in year:		
Current service cost	(1,173)	(1,058)
Employer contributions	678	623
Net interest on the defined liability (note 8)	(435)	(416)
Actuarial gain	3,054	902
Net defined benefit liability at 31 July	<u>(13,632)</u>	<u>(15,756)</u>

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2018 £'000	2017 £'000
Defined benefit obligations at start of period	33,357	31,372
Current service cost	1,173	1,058
Interest cost	895	812
Contributions by Scheme participants	196	190
Experience gains and losses on defined benefit obligations	-	(506)
Changes in financial assumptions	(2,128)	2,266
Changes in demographic assumptions	-	(1,324)
Estimated benefits paid net of transfers in	(640)	(511)
Defined benefit obligations at end of period	<u>32,853</u>	<u>33,357</u>

Changes in fair value of plan assets

	2018 £'000	2017 £'000
Fair value of plan assets at start of period	17,601	15,565
Interest on plan assets	460	409
Return on plan assets in excess of interest	926	1,385
Other actuarial losses	-	(60)
Employer contributions	678	623
Contributions by Scheme participants	196	190
Estimated benefits paid	(640)	(511)
Fair value of plan assets at end of period	<u>19,221</u>	<u>17,601</u>

24 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Corporation (being drawn from local and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

During the year, the College had no such type of transactions (2017 - £Nil).

No expenses were paid to or on behalf of the Corporation members during the year (2017: Nil).

Other than the Accounting Officer and staff representatives, no Corporation member has received any remuneration or waived payments from the College (2017: Nil)

25 AMOUNTS DISBURSED AS AGENT**LEARNER SUPPORT FUNDS**

	2018 £000	2017 £000
Funding body grants* - hardship support	44	13
Funding body grants* - childcare	46	64
16-18 Bursary funding	<u>361 **</u>	<u>398 **</u>
	451	475
Disbursed to Students	(415)	(429)
Staffing & Administration Costs	(15)	(16)
Balance unspent at 31 July	<u>21</u>	<u>30</u>

* Adv. Loan Bursary only.

** Includes amount brought forward of £30k (2017 = £66k)

Some funding body grants are available solely for students. In this instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

Any amounts due back to the funding bodies are included within creditors and the corresponding balance within cash at bank in the balance sheet.