

Report and Financial Statements for the Year Ended 31 July 2020



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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 2019-20:

Tracy Aust, Principal and CEO; Accounting Officer
David Evans, Vice Principal – Curriculum & Quality
Mark Cooper, Executive Director – Finance, HR & Development
Michael Michaelides, Executive Director – Resources & Student Experience

Members of the Corporation

A full list of Members is given on pages 11 and 12 of these financial statements.

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

Professional advisers

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditor

MHA MacIntyre Hudson
6th Floor
2 London Wall Place
London
EC2Y 5AU

Bankers

Barclays plc
Level 12
1 Churchill Place
London
E14 5HP

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

Solicitors

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

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WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020

NATURE, OBJECTIVES AND STRATEGIES

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

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 11 and 12.

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 2019-20 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

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

appropriate interventions where required in order to drive the quality improvements needed. The progress made 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). This shows an enhanced end-of-year position with improvements having been secured in all six aspects of TLA. These improvements have contributed to high achievement rates for students aged 16-19 and for adult students.

Of the eleven objectives under goals 2 and 3 of the 2019-20 Development Plan, eight were fully met and three were partially met.

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

All of the five objectives from goal 2 were fully or partially met.

- Through the introduction of employer advisory boards, curriculum teams strengthened the contribution of employers in curriculum delivery and design and enhanced focus on industrial skills updating for staff and work placements for students.
- Through extensive internal activity and analysis of local learner market data, a greater level of information on students' destinations was gathered to inform curriculum planning for 2020-21 and ensure provision of appropriate progression routes for students.
- The College's 'student voice' was further strengthened by addressing key areas for improvement agreed with the Student Union Executive and Student Voice Group. Improvements included development of a mobile app for VLE access and a clear programme of curriculum and enrichment trips and activities.
- Partnership working with co-located partners was extended to develop income growth and diversification.
- The College will continue work to strengthen the planning and delivery of marketing, recruitment and interview activities to meet enrolment targets and fulfil funding allocations.

In Goal 3: To provide an EXCELLENT environment and resources

All of the six objectives were fully or partially met.

- A comprehensive CPD programme focusing on priority areas including staff wellbeing was implemented, evaluated and impact measured. There was a particular focus on developing staff skills to support remote delivery which will be carried forward into 2020-21 as part of the College's e-learning strategy.
- The College further developed a bespoke programme of leadership and management training with a third module undertaken by the College Management Team in 2019-20 following modules completed over the previous two years.
- In line with good practice in the sector, curriculum area accounting and contribution analysis was developed and used to help inform curriculum design and offer for 2020-21 and the longer term.
- Processes and systems were developed to enable a more effective and efficient information exchange with governors. Improvements in the presentation and content of the governors' data dashboard were made and its effective use was embedded at Corporation and subcommittee meetings.
- Development of a robust, sustainable property strategy is underway to ensure provision of a safe, secure and high-quality learning environment to meet the current and future needs of our students. This will be closely aligned with the capital investment plan and will include focus on maximising use of the College's estate, income generation, cost reduction and environmental sustainability.
- The College established a Strategy & Business Development subcommittee to work on its longer term strategic direction and development of a robust, sustainable 3-5 year strategic plan for the College will continue into 2020-21

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.

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REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

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

Performance indicators

Key performance Indicator	Measure/Target	2019-20 Actual
ESFA 16-19 student numbers	1,803	1,685
Adult Education Budget income	£3,396k	£3,396k ¹
Staff costs as % of income	<65%	65.1%
Operating surplus	£100k	£431k ²
Adjusted current ratio	>2:1	2.7:1
ESFA financial health grade	Good	Outstanding

1. Actual delivery of Adult Education Budget provision in 2019-20 is valued at £2,782k. This comprises earnings of £2,495k (81% of allocation) in respect of the AEB devolved allocation of £3,063k from the Greater London Authority (GLA) and £287k (86%) in respect of the non-devolved allocation of £334k from the Education & Skills Funding Agency (ESFA). The College continued to deliver AEB-funded provision successfully during the COVID-19 period, enabling students to complete their qualifications by delivering online. However, short- course provision planned to start from late March onwards in areas such as pre-employment training and trade union education was adversely affected with a reduced volume of new courses possible. Despite this, actual delivery of the non-devolved allocation comfortably exceeded the lowered threshold of 68% applied by the ESFA in line with reduced average delivery across providers during this exceptional funding year. The normal 97% threshold for reconciliation and claw back was not applied by the GLA who confirmed that AEB funding allocations would be paid in full.
2. Despite the adverse impact of COVID-19 on several commercial and fee income lines, and on IT and estates expenditure, the College was able to realise targeted savings in a number of areas, including pay costs, staff recruitment and exam fees. In addition, draw down against contingency budgets was minimal. Consequently, with income from core funding streams largely protected, the operating result – a surplus of £431k – was considerably better than target.

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 ESFA which produces a financial health grading. The current rating of Outstanding is considered a good outcome and is an improvement on the projected grade of Good. The improved grade is driven by a higher EBITDA than projected (see note 2 above). However, future periods will be challenging due to the continued adverse financial impact of COVID-19 and some declining fee income streams.

FINANCIAL POSITION

Financial results

The College incurred a deficit before other gains and losses of £341k (2018-19: deficit of £876k) with total comprehensive income for the year of negative £5,540k (2018-19: negative £2,506k). The result in 2019-20 is stated after adjustment for FRS 102 (28) and enhanced pension charges of £733k (2018-19: £1,207k). Stripping out these adjustments would result in an operating surplus of £431k (2018-19: surplus of £151k) as per the tabulated KPIs above.

The College had accumulated income and expenditure reserves of negative £13,124k (2018-19: negative £7,616k) and cash and short-term investment balances of £4,816k (2018-19: £4,348k) at 31 July 2020.

Tangible fixed asset additions during the year amounted to £564k (2018-19: £772k). This was split between buildings of £122k (2018-19: £78k) and equipment (including MIS related additions) of £442k (2018-19: £694k).

The College relies significantly on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019 -20, the funding bodies provided 79% (2018-19: 78%) of the College's total income.

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REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

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 Funding Agreement. There was no short-term borrowing required during the year.

Cash flows and liquidity

The operating cash inflow for the year was £1,840k (2018-19: outflow of £31k).

At the year end, the College had an unsecured bank loan of £7,924k (2018-19 £8,210k) in order to help finance the new build on its main site. The loan is part of an agreed long-term facility with Barclays.

The size of the College's total borrowing, and its approach to interest rates, has 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 any organisation and ensures that there are adequate resources to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stood at negative £13,124k (2018-19: negative £7,616k) with cash and short term investment balances of £4,816k (2018-19: £4,348k). Excluding the defined benefit pension obligation of £21,199k (2018-19: £15,564k), the Income and Expenditure account reserve was a surplus of £8,075k (2018-19: surplus of £7,948k). The College's free reserves at 31 July 2020 equating to the net current assets were £1,837k (2018-19: £1,278k). Net assets excluding the pension liability were £11,043k (2018-19: £10,948k). It is the Corporation's intention to increase reserves through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2019-20, the College delivered activity that produced £14,670k (2018-19: £15,188k) in main funding body allocation. The College had approximately 5,100 (2018-19: 6,350) students. The College's student population includes 1,700 16-to-18-year-olds, 90 under-16s, 200 higher education students, 100 apprentices and 3,000 adults. The reduction in numbers from the previous year was due largely to disruption caused by COVID-19 to course provision for adults planned to start between March and July 2020.

Student achievements

Specific areas for improvement from 2018-19 were identified through the Self-Assessment Report (SAR) process and measures were in place to achieve sustained improvement. In summary, timely achievement rates for most provision types and at most levels exceeded the high levels of 2018-19, preserving the consistently strong position that we have held in recent years.

Overall

The 2019-20 achievement rate for classroom-based education and training is 91.5%, which is 1.7 percentage points higher than in 2018-19 and 5.6 percentage points above the 2018-19 National Rate of 85.9%.

16-18

The 2019-20 achievement rate of 90.0% is 3.8 percentage points higher than in 2018-19 and 6.9 percentage points above the 2018-19 National Rate of 83.1%.

19+

The 2019-20 achievement rate is 92.8%, which is 0.3 percentage points higher than in 2018-19 and exceeds the 2018-19 National Rate of 88.6% by 4.2 percentage points.

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REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

Apprenticeships

The 2019-20 timely achievement rate is 59.4%, which is 10.7 percentage points higher than in 2018-19 and in line with the 2018-19 National Rate. The overall achievement rate is 69.5%, which is 18.1 percentage points higher than in 2018-19 and exceeds the 2018-19 National Rate of 66.7% by 2.8 percentage points.

English and maths

GCSE English achievement (91.9%) and maths (95.3%) improved on 2018-19 achievement rates by 5.6 percentage points and 8.6 percentage points respectively. Overall Functional Skills achievement of 82.2% was higher than in 2018-19 by 3.7 percentage points with particularly strong performance at Level 1 in both subjects.

High Grades

In 2019-20, 57% of students on Level 3 courses achieved a high grade. This exceeded the College target of 53% and was an increase of 6.5 percentage points on 2018-19.

Curriculum developments

The curriculum offer is reviewed annually with reference to local stakeholders, LMI data and employment opportunities. It is designed to ensure that it meets the needs of students, employers and the wider local community, responds to identified skills gaps and is aligned to local and national priorities. There is a good match between College provision and declared priority sector areas of the Local Enterprise Partnership for London and West London Alliance.

The College has well-developed 16-19 Study Programmes offering students a balanced curriculum centred on a main vocational or academic qualification with English, maths and tutorial provision as appropriate. GCSE English and Maths provision for those who have not yet achieved a level 2 qualification remains a priority. Embedded in these programmes is a focus on enhancing the employability skills of students through a centralised model to enable effective review and monitoring. Through this approach and strengthened employer relationships, all full-time students aged 16-18 were able to gain experience of work through a variety of employer-led or community projects, enterprise activities, mentoring and work experience with external employers. Examples include:

- British Army – Public Service students took part in a residential work experience completing obstacle courses, military lessons, team and communication tasks and overnight field exercises
- Crown Prosecution Service – a real insight into the work of the CPS and the Code for Crown Prosecutors with a masterclass for students working alongside professionals applying the code to a crime
- GSK/Spark! – female students from Level 1 courses connected with business professionals from the women's network at GSK as part of the CONNECT mentoring programme; this enabled them to create goals and explore future career paths

Some of the high-profile local employers we continue to work with across a variety of sectors include:

- Health & Care – Chelsea and Westminster Trust, Avant Healthcare, Healthwatch Hounslow and Isleworth Town Primary School
- Business – ECOWorld, Move Inn Estates, London Borough of Hounslow and British Heart Foundation
- ICT – SAP, Rowsey International, Chiswick Computers and Mentfield
- Construction – Balfour Beatty, McLaughlin & Harvey Construction, Volkerfitzpatrick and Countryside Homes
- Hair & Beauty – Elemis, Urban Decay, Lionel Abrahams, Heathrow Airport and Mark Summers Casting
- Public Services – Isleworth Crown Court, Brentford County Court, Royal Navy and Kingfisher Security
- Aviation and Travel – Menzies Aviation, British Airways, Zee Travels and Skytrak Travel
- Media – Richmond Theatre, Stride, adam&eveDDB, Sky and Gunnersbury Museum

The College continued to participate in the DfE industry placement programme in 2019-20 which significantly extended employer links. Unfortunately, the pandemic had a significant adverse impact on the completion of placements. However, employers offering multiple placements have committed to continue to support our future programmes.

Employer Advisory Boards were introduced in 2019-20 with the specific remit of bringing together leading industry partners and curriculum managers to ensure that the College remains a forward-thinking organisation, supporting current and future students to be successful in their chosen careers and to support longer term economic growth and productivity. Progress so far has included:

- Advising on curriculum development, course design and relevance
- Offering an external perspective on teaching, student learning and assessment strategy
- Engagement in curriculum and staff development meetings
- Contributing views and offering advice on research opportunities and activities

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

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. We also continue to offer provision suitable for advanced learner loans for adult learners studying a qualification at Level 3 or above.

The Skills + Logistics Centre at our Feltham campus directly addresses skills gaps in the priority sector of logistics, an area in which we have embedded and grown direct delivery of high-quality vocational training with clear routes to employment. We continue to work successfully in partnership with JCP and employers in delivering training in a range of subjects, such as warehousing and storage, forklift and reach truck driving, alongside courses to develop the employability skills of students. We are also one of only a small number of providers delivering the Apprenticeship Standard in International Freight Forwarding Specialist to apprentices employed by several large national and global logistics employers.

The College continues to deliver a range of part-time and evening courses on both sites to provide adult learners with the skills and knowledge required to improve their employment prospects. Through development of a specific pathway to improve progression opportunities for ESOL learners, our Pre-Employment Training (PET) programmes have grown during a period in which unemployment has been relatively low. Over many years, our PET courses have been provided to the most disadvantaged learners and those hardest to reach with achievement rates maintained at a high level. This provision will be increasingly important as unemployment rises due to the impact of COVID-19 and the College is well-placed to support with the economic recovery in upskilling and reskilling the workforce.

Events after the end of the reporting period

There are no post balance sheet events to report.

Future prospects

COVID-19 has had a severe adverse impact on Hounslow. With its proximity to Heathrow and with the aviation, travel and logistics sectors being particularly badly hit, Hounslow is likely to be one of the worst affected London boroughs economically with a 40% drop in economic activity and tens of thousands of jobs at risk. Consequently, through ongoing work in collaboration with local Members of Parliament, the local authority, the DWP and JCP, employers, business partners and other education and training providers the College will be central to skills plan development and delivery of education and training as part of local and regional economic recovery.

The College will continue to explore opportunities to grow partnership working in its widest sense through, for example:

- Representation on the Hounslow Recovery Programme Board
- Membership of the Heathrow Skills Partnership, including participation with other local colleges and Heathrow Airport Ltd in a programme funded through the College Collaboration Fund to address key challenges in switching to online delivery and remote learning
- Working with London Borough of Hounslow, West London Business and other consortium members in the development of the *Great West Creative Enterprise Zone* for Hounslow which is a natural fit for the College with the creative sector being a key part of our curriculum offer.
- Participation in Hounslow Chamber of Commerce events and involvement in local community projects

The College will continue to review and develop its partnerships with co-located organisations, Ambitious College, The Rise School Sixth Form (both part of Ambitious about Autism) and Woodbridge Park Education Service (WPES), all of which strengthened over the last year through extension of bespoke provision and curriculum infill.

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 Apprenticeships and new commercial provision and help to 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 £7,924k (2018-19: £8,210k) of loans outstanding at 31 July 2020 with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 17 years. The College's forecasts

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

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 College expects arrangements in the sector to continue to be challenging going forward, not least because of increased uncertainty caused by COVID-19 which will continue to have an adverse impact on some income lines, including tuition fees, nursery fees and income from other commercial activities. The College has built up reserves and had net current assets of £1,837k at 31 July 2020 so is well-positioned to manage this. In addition, the College has in place a cost reduction plan for 2020-21 and has a good track record of being able to realise cost savings to mitigate income reductions. In 2019-20, the College received financial support of £36k through the Coronavirus Job Retention Scheme but does not expect to require any additional, similar financial support ongoing.

The Corporation undertakes regular review and monitoring of student numbers data and timely management accounts which include the current cash position, future cash flow projections, the College budgets and regularly updated forecasts, including financial returns submitted to the ESFA. Bank covenants in place with Barclays are monitored regularly and the Corporation considers that these are not expected to be breached in the foreseeable future.

After making appropriate enquiries and taking into account factors likely to affect its future development and performance, 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.

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 has undergone capital investment of more than £3m over 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 £10,156k (2018-19: £4,616k) of net liabilities including £21,199k (2018-19: £15,564k) pension liability and long-term debt of £7,628k (2018-19: £7,929). The College has £1,837k (2018-19: £1,278k) of net current assets.

People

The College employed 279 people (expressed as an average headcount) during 2018-19, of whom 114 were teaching staff.

Reputation

The College has a good reputation locally and regionally. 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 well-developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes and the system of internal control, including financial, operational and risk management are designed to protect the College's assets, reputation and financial stability.

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

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

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.

1. Continued impact of COVID-19

The potential ongoing financial impact of COVID-19 is referred to under 'Going Concern' above.

This risk is mitigated by:

- Fortnightly review and monitoring by the executive team of student numbers, funding data, performance against funding allocations and other income and expenditure budgets.
- Reforecasts and flexing of College budgets to reflect changes to curriculum plans and performance against these plans.
- Regular updates of cash position and cash flow projections as part of management accounts to the executive team and the Corporation.
- Strong, effective financial and budgetary control to deliver savings as part of agreed College cost reduction plans and to ensure spending is within approved budgets.
- A detailed operational management plan and risk assessments that are reviewed and updated weekly.

2. Government funding

The College has considerable reliance on continued Government funding through the ESFA and GLA. In 2019-20, approximately 88% 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 following devolution of the Adult Education Budget to the GLA.
- Continued cuts in real-terms to funding for classroom-based provision for adults with no government announcement on increases to funding rates for adult skills.
- The threat of increased competition from HE institutions and schools.
- Brexit and subsequent impact on availability of European Social Funding (ESF).
- Availability of specific funding for increased Teachers' Pension Scheme employer's 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.

3. 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 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.

4. Failure to maintain the financial viability of the College

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

The College's current financial health grade is classified as Outstanding 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. Failure to 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.

6. The effects of Brexit on the FE sector

The College may be affected further by changes in government policy, for example, towards EU and overseas students, staff and immigration generally.

7. 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.

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2020 (continued)

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.

The College is fully committed to improving how it recruits, retains and develops disabled staff. The College has been a certified 'Disability Confident Employer' since October 2016 and successfully renewed this accreditation in September 2020. Prior to this, the College has since 2005 been accredited with the Positive about Disabled People "two ticks" disability symbol.

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
4	3.62

Percentage of time spent on facility time	Number of employees
1-50%	4
Total cost of facility time	£5,328
Total pay bill	£9,550,200
Percentage of total bill spent on facility time	0.06%

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 16 December 2020 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 2020

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in 'The Code of Good Governance for English Colleges' ('the Code'); and
- iii. having due regard to the UK Corporate Governance Code 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; we undertake an annual governance review and in particular have 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 31 July 2020. 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.

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.

Name	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 01/08/19 to 31/07/20
Mr Simon Wilcox (Chair)	15/10/14 re-appointed 15/10/18	4 years		External	2, 3, 5, 6	3/4
Mr John Bolt	17/12/08; re-appointed 17/12/12 17/12/16 Extended to 31/07/21	4 years		External	2, 4	4/4
Mr Tommy White (Vice Chair)	07/02/12 re-appointed 07/02/16 Extended to 31/12/20	4 years		External	2, 3, 5, 6	3/4

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020 (continued)

Ms Tracy Aust (Chief Executive)	01/04/16	Ex officio		Principal	3, 4, 5, 6	4/4
Bruce Armstrong (Vice Chair)	01/08/14 re-appointed 01/08/18	4 years		External	3, 4, 6	4/4
Mr James Bryant	01/01/18	4 years		External	1, 3, 6	3/4
Mr Mukesh Malhotra	01/08/19	4 Years	02/03/20	External	1	2/2
Ms Charanjit Singh	01/08/10 re-appointed 01/08/14 01/08/18	4 years		External	1, 3, 4	4/4
Ms Barinder Sandhu	01/01/19	4 Years		External	2, 4, 6	3/4
Mr Alex Luke	11/12/19	4 Years		External	5	3/3
Mr Adam Barke	01/07/20	4 Years		External	1	1/1
Mr Rhys Gallagher	01/05/20	4 Years		External	1	1/1
Ms Laura Weatherill	01/05/20	4 Years		External	4	0/1
Mr James McClory	17/10/19	4 years	11/03/20	Staff representative	4	2/2
Mr Andy Smith	14/10/20	4 Years		Staff representative	4	N/A
Mr William Tyrell	16/12/20	1 Year		Student representative	4	N/A
Ms Lavanya Gomes	16/12/20	1 Year		Student representative	4	N/A
Miss Seyi Oloyede	16/10/19	1 year	31/07/20	Student representative	4	1/2
Mr Jayden Ndokala Makondele	16/10/19	1 year	31/07/20	Student representative	4	0/2
Mr Jonathan Allen acts as a Clerk to the Corporation.						

¹Member of the Audit Committee, chaired by James Bryant

²Member of the Remuneration Committee, chaired by John Bolt

³Member of the Governance & Search Committee, chaired by Simon Wilcox

⁴Member of the Curriculum, Quality & Standards Committee, chaired by Bruce Armstrong

⁵Member of the Finance, Resources & Capital Projects Committee, chaired by Tommy White

⁶Member of the Strategy & Business Development Committee, chaired by Simon Wilcox

As at 16 December 2020 there were no vacancies.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020 (continued)

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 four 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 Curriculum, Quality & Standards Committee, Strategy & Business Development, Governance & Search, Audit, Remuneration and Finance, Resources & Capital Projects Committee. 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 and Accounting Officer 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 Governance & Search Committee comprising up to five members, which is responsible for the selection and nomination of any new member 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 not exceeding 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

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020 (continued)

well-informed to be able to steer the educational character of the College. The Corporation in 2019-20 agreed the formation of a new Committee - The Strategy & Business Development Committee. The Committee has a key role in advising the Corporation on strategic matters.

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 focused 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 2019-20 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.

The Corporation carried out a self-assessment of its own performance for the year-ended 31 July 2020. The Corporation has agreed the following framework for the annual review of governance:

- I. To conduct a review of current performance against a number of governance good practise indicators outlined by the FE Commissioner (these were published May 2019).
- II. Review of current performance against a number of governance KPIs
- III. Skills analysis audit conducted on current governors
- IV. Chair to hold one-to-one review meetings with each governor
- V. Each Governor to be asked to review the Chair's Performance through completing a questionnaire - completed questionnaires to be evaluated by the Vice Chair
- VI. Succession planning
- VII. Action planning arising from the Review.

The Corporation agreed at its meeting on 16 December 2020 to award a self-assessment grade of 'Good' for governance.

Remuneration Committee

The Remuneration Committee's Terms of Reference state that membership comprises of up to four members, excluding the Principal, staff and student governors.

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.

The terms of reference for the Committee confirm that the Committee will adhere to, and follow, the requirements of the Association of College's Senior Post Holders Remuneration Code. Details of remuneration for the year ended 31 July 2020 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee's Terms of Reference state that membership comprises of a minimum of three, and not exceeding five, 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 meets on a termly basis with the exception of the March 2020 meeting due to the closure of the College arising from the Covid-19 pandemic. Agenda items due to be considered at that meeting were dealt with at the June 2020 meeting. The Committee provides a forum for reports from the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020 (continued)

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 audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

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 2020 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 2020 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;

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020 (continued)

- 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.

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 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Executive Team and the internal auditor, and taking account of events since 31 July 2020.

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"*.

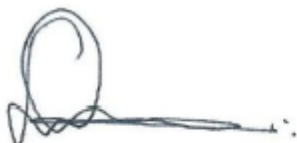
WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020 (continued)

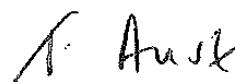
Going Concern

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 16 December 2020 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 grant funding agreements and contract with ESFA.

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



Tracy Aust
Accounting Officer
16 December 2020



Simon Wilcox
Chair of Governors
16 December 2020

WEST THAMES COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 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
- assess whether the College is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

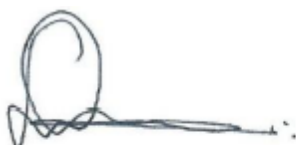
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing 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 and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 16 December 2020 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 2020, 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, in all material respects:

- the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the group's deficit for the year then ended We have taken into account relevant statutory and other mandatory disclosure and accounting requirements, and the requirements of the OfS and other funders;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS, the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

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.

WEST THAMES COLLEGE

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters 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.

We have nothing to report in respect of the following matter in relation to which the Office for Students requires us to report to you, if in our opinion:

- The College's grant and fee income, as disclosed in note 2 to these financial statements has been materially misstated.

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: 29 January 2021

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 funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, 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 2019 to 31 July 2020 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. 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 the ESFA 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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 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") (continued)

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 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

A handwritten signature in black ink, appearing to read 'Buzzacott LLP', is written over a faint, larger version of the same text.

Buzzacott LLP Chartered Accountants

Date: 29 January 2021

WEST THAMES COLLEGE

STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
INCOME			
Funding body grants	2	15,832	16,348
Tuition fees and education contracts	3	3,044	3,467
Other income	4	1,181	1,278
Investment Income	5	25	26
Total income		20,082	21,119
EXPENDITURE			
Staff costs	6	12,548	13,678
Fundamental restructuring and other costs	6	28	49
Other operating expenses	7	4,746	5,190
Depreciation	10	2,295	2,237
Interest and other finance costs	8	806	841
Total expenditure		20,423	21,995
Deficit before other gains and losses and taxation		(341)	(876)
Taxation		-	-
Deficit for the year		(341)	(876)
Unrealised surplus on revaluation of assets		-	-
Actuarial loss in respect of pensions schemes	18	(5,199)	(1,630)
Total Comprehensive Income for the year		(5,540)	(2,506)

WEST THAMES COLLEGE

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2020

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2018	(5,142)	3,032	(2,110)
Deficit from the income and expenditure account	(876)	-	(876)
Other comprehensive income	(1,630)	-	(1,630)
Transfers between revaluation and income and expenditure reserves	32	(32)	-
Total comprehensive income for the year	(2,474)	(32)	(2,506)
Balance at 31 July 2019	(7,616)	3,000	(4,616)
Deficit from the income and expenditure account	(341)	-	(341)
Other comprehensive income	(5,199)	-	(5,199)
Transfers between revaluation and income and expenditure reserves	32	(32)	-
Total comprehensive income for the year	(5,508)	(32)	(5,540)
Balance at 31 July 2020	(13,124)	2,968	(10,156)

WEST THAMES COLLEGE

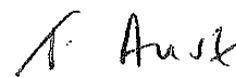
BALANCE SHEET AS AT 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	10	<u>62,032</u>	<u>63,763</u>
Current assets			
Stocks		8	5
Trade and other receivables	12	656	710
Investments	13	2,000	3,100
Cash and cash equivalents	14	2,816	1,248
Total current assets		<u>5,480</u>	<u>5,063</u>
Less: Creditors – amounts falling due within one year	15	(3,643)	(3,785)
Net current assets		<u>1,837</u>	<u>1,278</u>
Total assets less current liabilities		63,869	65,041
Less: Creditors – amounts falling due after more than one year	16	(50,611)	(52,122)
Provisions			
Defined benefit obligations	18, 23	(21,199)	(15,564)
Other provisions	18	(2,215)	(1,971)
TOTAL NET LIABILITIES		<u>(10,156)</u>	<u>(4,616)</u>
Unrestricted reserves			
Income and expenditure account		(13,124)	(7,616)
Revaluation reserve		2,968	3,000
TOTAL RESERVES		<u>(10,156)</u>	<u>(4,616)</u>

The financial statements on pages 24-45 were approved and authorised for issue by the Corporation on 16 December 2020 and were signed on its behalf on that date by:



Simon Wilcox
Chair



Tracy Aust
Accounting Officer

WEST THAMES COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
Cash inflow from operating activities			
Deficit for the year		(341)	(876)
Adjustment for non cash items			
Depreciation		2,295	2,237
Deferred capital grants released to income		(1,207)	(1,202)
Increase in stocks		(3)	-
Decrease in debtors		54	1
Decrease in creditors due within one year		(39)	(1,560)
Decrease in provisions		(92)	(73)
Pensions costs less contributions payable		392	627
Adjustment for investing or financing activities			
Investment income		(25)	(26)
Interest payable		806	841
Net cash flow from operating activities		<u>1,840</u>	<u>(31)</u>
Cash flows from investing activities			
Investment income		25	26
Withdrawn/(new) deposits		1,100	(3,100)
Payments made to acquire fixed assets		(685)	(772)
		<u>440</u>	<u>(3,846)</u>
Cash flows from financing activities			
Interest paid		(426)	(441)
Repayments of amounts borrowed		(286)	(273)
		<u>(712)</u>	<u>(714)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u><u>1,568</u></u>	<u><u>(4,591)</u></u>
Cash and cash equivalents at beginning of the year	14	1,248	5,839
Cash and cash equivalents at end of the year	14	2,816	1,248

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 2018 to 2019* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). 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 £7,924k of a loan outstanding with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 17 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.

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 funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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 (continued)

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 27, 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, which 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.

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

Short term Employment benefits

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

Enhanced pensions

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

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 Authority (LA) and buildings acquired at 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.

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

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

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.

Stocks

Stocks 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.

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the 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.

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 25, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2 FUNDING COUNCIL GRANTS

	2020 £'000	2019 £'000
Recurrent grants		
Education and Skills Funding Agency – Adult Education Budget	3,396	3,429
Education and Skills Funding Agency – 16 - 18	10,571	11,158
Education and Skills Funding Agency – Apprenticeships	212	222
Education and Skills Funding Agency – Other Income	84	245
Office for Students	117	134
Specific grants		
Teachers' Pension Scheme contribution grant	290	-
Releases of government capital grants	1,162	1,160
Total	15,832	16,348

	2020 £'000	2019 £'000
Disclosure requirement for OfS registered colleges*		
Grant income from the Office for Students - direct funding	117	134
Grant income from the Office for Students - HE Franchise provision	138	143
Grant income from other bodies	7	16
Fee income for taught awards (exclusive of VAT)	411	451
Fee income for non-qualifying courses	72	168
Total	745	912

*Amounts recorded relate to courses at Level 4 and above only.

3 TUITION FEES AND EDUCATION CONTRACTS

	2020 £'000	2019 £'000
Adult education fees	346	462
Apprenticeship fees and contracts	0	0
Fees for FE loan supported courses	469	459
Fees for HE loan supported courses	401	451
International students fees	10	18
Total tuition fees	1,226	1,390
Education contracts	1,818	2,077
Total	3,044	3,467

WEST THAMES COLLEGE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020****4 OTHER INCOME**

	2020	2019
	£'000	£'000
Catering	183	263
Other income generating activities	223	123
Miscellaneous income	694	850
Releases of other Government capital grants	45	42
Coronavirus Job Retention Scheme grant	36	-
Total	<u>1,181</u>	<u>1,278</u>

The Corporation furloughed 13 staff within the College Nursery under the government's Coronavirus Job Retention Scheme. The funding received of £36k relates to staff costs which are included within the staff costs note below as appropriate.

5 INVESTMENT INCOME

	2020	2019
	£'000	£'000
Interest receivable	25	26
Total	<u>25</u>	<u>26</u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

6 STAFF COSTS

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

	2020 No.	2019 No.
Teaching staff	114	123
Non teaching staff	165	185
Total	279	308

Staff costs for the above persons

	2020 £'000	2019 £'000
Wages and salaries	7,367	7,936
Social security costs	686	755
Other pension costs	1,889	1,907
Payroll subtotal	9,942	10,598
Contracted out staffing services	2,606	3,080
	12,548	13,678
Fundamental restructuring costs - contractual	-	-
Fundamental restructuring costs - non-contractual	28	49
Total	12,576	13,727

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Team comprising the Principal, Vice Principal - Curriculum & Quality, Executive Directors - Finance, HR & Development and Executive Director - Resources & Student Experience.

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	4	5

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

	Senior post-holders		Other staff	
	2020 No.	2019 No.	2020 No.	2019 No.
£55,001 to £60,000 p.a.	-	1	-	-
£60,001 to £65,000 p.a.	-	1	-	-
£65,001 to £70,000 p.a.	1	-	-	-
£70,001 to £75,000 p.a.	2	1	-	-
£75,001 to £80,000 p.a.	-	1	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£130,001 to £135,000 p.a.	1	-	-	-
Total	4	5	-	-

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

6 STAFF COSTS (continued)

Key management personnel compensation is made up as follows:

	2020 £'000	2019 £'000
Basic salary	346	397
Employer's National Insurance	43	49
	<u>389</u>	<u>446</u>
Pension contributions	57	51
Total	<u>446</u>	<u>497</u>

The above compensation includes amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2020 £'000	2019 £'000
Basic salary	130	130
Other including benefits in kind	-	-
Pension contributions	30	21
Total	<u>160</u>	<u>151</u>

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2020 £'000	2019 £'000
Principal's basic salary as a multiple of the median of all staff	5.44	5.34
Principal and CEO's total remuneration as a multiple of the median of all staff	5.66	5.33

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

7 OTHER OPERATING EXPENSES

	2020 £'000	2019 £'000
Teaching costs	300	441
Non teaching costs	2,816	3,198
Premises costs	1,630	1,551
Total	4,746	5,190

Other operating expenses include:

	2020 £'000	2019 £'000
Auditors' remuneration:		
- Financial statements audit	33	31
- Internal audit	18	10
- Other services provided by the financial statements auditors	2	3
Hire of assets under operating leases	109	105

8 INTEREST PAYABLE

	2020 £'000	2019 £'000
On bank loans, overdrafts and other loans:	426	441
Net interest on defined pension liability (note 23)	341	370
Enhanced pension finance costs	39	30
Total	806	841

9 TAXATION

The members do not believe that 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 2020

10 TANGIBLE FIXED ASSETS

	Land and buildings Freehold	Long Leasehold	Equipment & Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2019	72,112	5,708	7,691	85,511
Additions	122	-	442	564
At 31 July 2020	72,234	5,708	8,133	86,075
Depreciation				
At 1 August 2019	14,183	1,249	6,316	21,748
Charge for the year	1,476	204	615	2,295
At 31 July 2020	15,659	1,453	6,931	24,043
Net book value at 31 July 2020	56,575	4,255	1,202	62,032
Net book value at 31 July 2019	57,929	4,459	1,375	63,763

11 NON-CURRENT INVESTMENTS

The College has a 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. The Accounting Officer of the College is the ex-officio sole member.

12 TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Amounts falling due within one year:		
- Trade receivables	163	397
- Prepayments and accrued income	493	313
Total	656	710

An amount of £24k (2019-£97k) owed by the ESFA has been netted off against amounts owed to the funding agency (note 15). There are no debtors falling due after more than one year.

13 CURRENT INVESTMENTS

	2020 £'000	2019 £'000
Short term deposits	2,000	3,100

Deposits are 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.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

14 CASH AND CASH EQUIVALENTS

	At 1 August 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Cash and cash equivalents	1,248	1,568	2,816
Overdrafts	-	-	-
Total	1,248	1,568	2,816

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Bank loans (note 17)	296	281
Trade payables	683	687
Other taxation and social security	-	314
Accruals and deferred income	986	1,024
Deferred income - government capital grants	1,206	1,203
Amounts owed to the ESFA	472	276
Total	3,643	3,785

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020 £'000	2019 £'000
Bank loans (note 17)	7,628	7,929
Deferred income - government capital grants	42,983	44,193
Total	50,611	52,122

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

17 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	2020 £'000	2019 £'000
In one year or less	296	281
Between one and two years	312	296
Between two and five years	1,037	984
In five years or more	6,279	6,649
Total	7,924	8,210

18 PROVISIONS

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2019	15,564	1,971	17,535
Expenditure in the period	(736)	(92)	(828)
Transferred from income and expenditure account:			
- Actuarial loss	4,902	297	5,199
- Other	1,469	39	1,508
At 31 July 2020	21,199	2,215	23,414

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 employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

19 CAPITAL AND OTHER COMMITMENTS

There were no commitments contracted for at 31 July 2020 (2019: £nil)

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 which 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

	2020 £'000	2019 £'000
Not later than one year	7	34
Later than one year and not later than five years	13	8
Later than five years	2	-
	22	42

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

21 CONTINGENT LIABILITIES

The Corporation is not aware of any such liabilities (2019: none).

22 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period

23 DEFINED BENEFIT OBLIGATIONS

Total pension cost for the year	2020 £'000	2019 £'000
Teachers Pension Scheme: contributions paid	761	562
Local Government Pension Scheme:		
- Contributions paid	736	718
- FRS 102 (28) charge	<u>392</u>	<u>627</u>
Charge to the Statement of Comprehensive Income	1,128	1,345
Total pension cost for year	<u>1,889</u>	<u>1,907</u>

Contributions amounting to £115k (2019: £79k) were payable to the schemes at 31 July were paid at the close of 31 July 2020

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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.

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 FRS 102 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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £761,000 (2019: £562,000)

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

23 DEFINED BENEFIT OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hounslow Local Authority. The total contributions made for the year ended 31 July 2020 were £923k, of which employer's contributions totalled £736k and employees' contributions totalled £187k. The agreed contribution rates for future years are 18.8 % for the College and range from 5.5% to 12.5% for employees, depending on

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.25%	3.90%
Future pensions increases	2.25%	2.40%
Discount rate for scheme liabilities	1.35%	2.10%
Inflation assumption (CPI)	1.45%	2.20%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2020 Years	At 31 July 2019 Years
Retiring today		
- Males	21.3	20.6
- Females	23.9	24.0
Retiring in 20 years		
- Males	22.8	22.3
- Females	25.5	25.8

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

23 DEFINED BENEFIT OBLIGATIONS (continued)

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

	Fair Value at 31 July 2020 £'000	Fair Value at 31 July 2019 £'000
Equities	12,746	13,015
Guilts	950	1,071
Bonds	2,382	1,835
Property	932	978
Absolute return portfolio	3,622	3,685
Cash	344	350
Total fair value of plan assets	20,976	20,934
Weighted average expected long term rate of return	5.80%	5.50%
Actual return on plan assets	(93)	1,606

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

	2020 £'000	2019 £'000
Fair value of plan assets	20,976	20,934
Present value of plan liabilities	(42,175)	(36,498)
Net pension liability (Note 18)	(21,199)	(15,564)

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	1,128	1,135
Past service cost	-	210
Total	1,128	1,345

Amounts included in interest payable

Net interest cost including admin costs	341	370
	341	370

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(535)	1,095
Changes in demographic assumptions	285	1,922
Experience losses arising on defined benefit obligations	755	-
Changes in assumptions underlying the present value of plan liabilities	(5,318)	(3,952)
Other actuarial losses on assets	(89)	-

Amount recognised in Other Comprehensive Income	(4,902)	(935)
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WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

23 DEFINED BENEFIT OBLIGATIONS (continued)

Movement in net defined benefit liability during the year

	2020 £'000	2019 £'000
Deficit in scheme at 1 August	(15,564)	(13,632)
Movement in year:		
Current service cost	(1,128)	(1,135)
Employer contributions	736	718
Past service cost	-	(210)
Net interest on the defined (liability)/asset	(341)	(370)
Actuarial gain or loss	(4,902)	(935)
Net defined benefit (liability)/asset at 31 July	(21,199)	(15,564)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2020 £'000	2019 £'000
Defined benefit obligations at start of period	36,498	32,853
Current Service cost	1,128	1,135
Interest cost	761	863
Contributions by Scheme participants	187	207
Past service costs, including curtailments	-	210
Changes in financial assumptions	5,318	3,952
Changes in demographic assumptions	(285)	(1,922)
Experience gain on defined benefit obligation	(755)	-
Estimated benefits paid net of transfers in	(677)	(800)
Defined benefit obligations at end of period	42,175	36,498

Changes in fair value of plan assets

	2020 £'000	2019 £'000
Fair value of plan assets at start of period	20,934	19,221
Interest on plan assets	442	511
Return on plan assets	(535)	1,095
Administration expenses	(22)	(18)
Other Actuarial losses	(89)	-
Employer contributions	736	718
Contributions by Scheme participants	187	207
Estimated benefits paid	(677)	(800)
Fair value of plan assets at end of period	20,976	20,934

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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 (2019 - £Nil).

Expenses of £313 were paid to or on behalf of the Corporation members during the year (2019: Nil).

Other than the Accounting Officer and staff representatives, no Corporation member has received any remuneration or waived payments from the College (2019: Nil).

25 AMOUNTS DISBURSED AS AGENTS - LEARNER SUPPORT FUNDS

	2020 £'000	2019 £'000
16-19 bursary funding	330	359
Other funding body grants	170	135
Interest earned	-	-
	500	494
Disbursed to students	(383)	(462)
Administration costs	(14)	(16)
Balance unspent as at 31 July, included in creditors	103	16

Funding body grants are available solely for students. In the majority of 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.