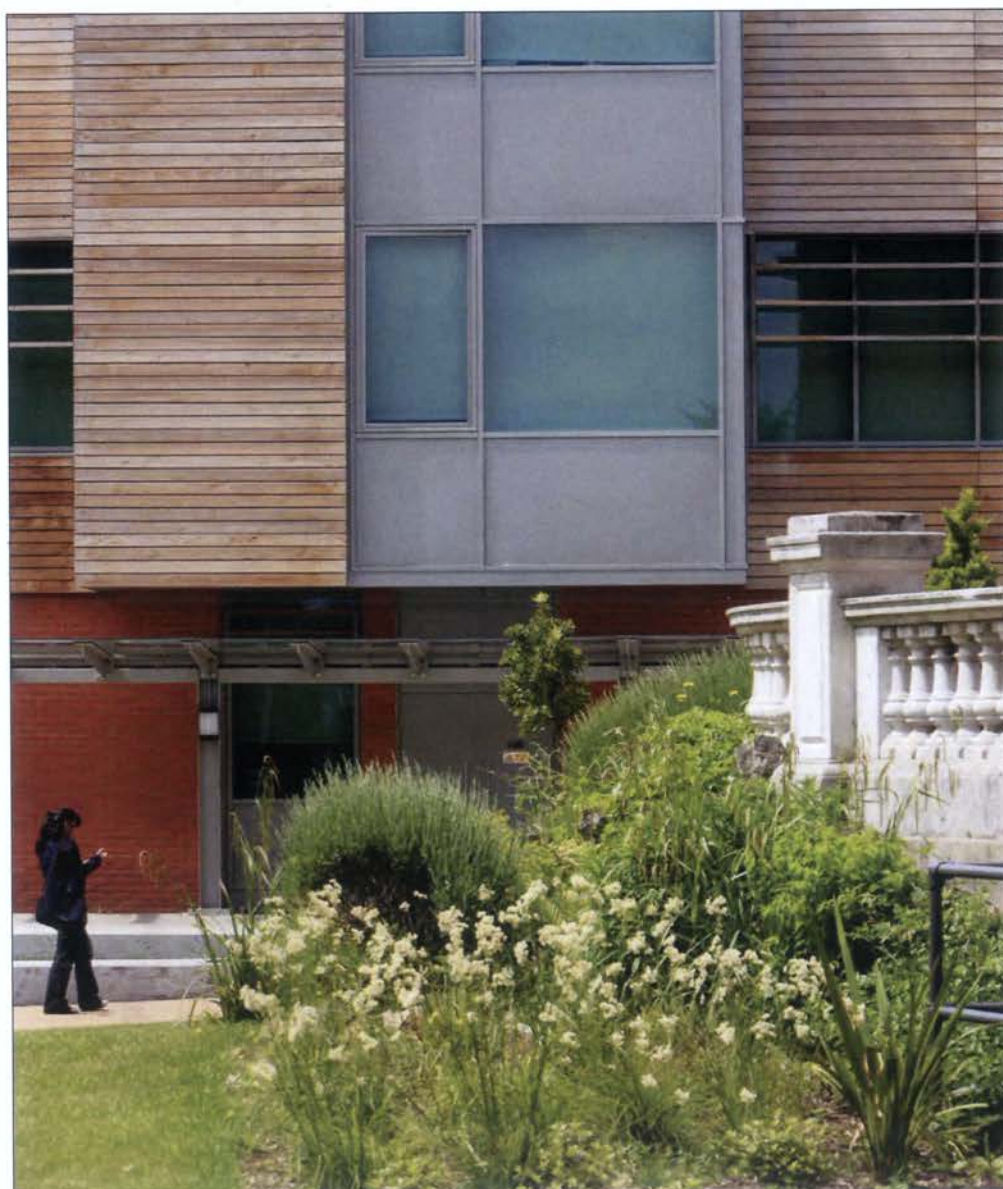


# **Report and Financial Statements for the Year Ended 31 July 2017**



## **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 2016/17:

Tracy Aust, Principal and CEO; Accounting Officer  
Graeme Baker, Executive Director - Quality & Workforce Development  
Mark Cooper, Executive Director - Funding & Finance  
Katrin Lehmann, Executive Director - Curriculum  
Michael Michaelides, Executive Director - Resources

#### **Members of the Corporation:**

A full list of Members is given on pages 9 and 10 of these financial statements.

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

#### **Professional advisers:**

##### **Financial statements auditors and reporting accountants**

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

##### **Internal auditors**

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

##### **Bankers**

Barclays plc  
Level 28  
1 Churchill Place  
London  
E14 5HP

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

##### **Solicitors**

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

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## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017**

#### **NATURE, OBJECTIVES AND STRATEGIES**

The members present their report and the audited financial statements for the year ended 31 July 2017.

##### **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 in July 2009 after a six month College-wide consultation process. 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 9 and 10.

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 2016-17 and achievement of those objectives are addressed below:

Of the twenty objectives in the 2016-17 Development Plan, 12 were fully met, 7 were partially met or and 1 was not met.

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

Four of the eight objectives from goal 1 were met. These comprised:

## WEST THAMES COLLEGE

### REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)

- Ensuring a safe and harmonious environment through an active programme of enrichment, strong focus on citizenship and diversity and embedding of the College values, the Prevent agenda and safeguarding.
- Ensuring students make an active contribution to college life and to improvements in their learning experience, as evidenced through the work of the ET Plus Student Experience Group and positive Student Survey responses.
- Achievement of all targets set in the Quality Assurance Agency Higher Education Review action plan.
- The College making very good progress on its journey to outstanding and inspection readiness.

Three objectives were partly achieved:

- Improvement in the quality of students' learning experiences through CPD and activities relating to Creativity and Innovation in Learning and Teaching (CILT); further development of the observation process and of strategies for sharing best practice.
- Improved achievement, with the overall achievement rate increasing by nearly 5% to 87%; Functional Skills achievement rates at 73%, exceeding target and the National Rate (68%), and timely achievement of Apprenticeships up 17 percentage points to 39%.
- Improvement in students' competencies in English and maths, with the overall achievement rate in English and maths increasing but targets for some levels not met.

The objective concerning improvement of student attendance was not met.

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

Three of seven objectives were fully met:

- Delivery of an employer engagement plan that ensures provision meets identified needs in west London and that employability is a distinctive feature of all programmes.
- Further development of the 14-16 offer through strengthening direct entry and our Alternative Provision.
- New and innovative recruitment and selection strategies were developed to optimise recruitment and ensure the best-possible candidates were recruited. HR R&S project identified English and maths as the priority areas and these posts were filled.

Four objectives were partly achieved:

- To refresh our curriculum offer using labour market intelligence (LMI) data ensuring that provision is informed, relevant and meets the needs of the local community. New courses were planned but overall recruitment is below target for 2017-18 and further work is required to grow Apprenticeships.
- Partial achievement of the long-term sustainable vision for the Skills + Logistics Centre. The Logistics Skills Alliance was reactivated as the route to market to engage local logistics employers; a Logistics commercial curriculum offer is set up and ready for sales and delivery; direct-delivery of Pre-Employment Training was established and co-location with Woodbridge Park Education Service (WPES) was completed successfully.
- To deliver the Apprenticeship numbers in the curriculum plan with a particular focus on higher apprenticeships to meet identified skills gaps.
- Strengthen planning cycle and recruitment activities to ensure that opportunities to maximise income and generate growth are taken. A new College website was launched and a pricing structure for employer-facing provision is in development but recruitment of 16- to 18 year-olds and HE students has declined.

#### **In Goal 3: To provide an EXCELLENT environment and resources**

All of the five objectives were met:

- Upskilling of staff through professional development activities to engage with the College's employment and skills agenda and ensure all courses have 'clear line of sight' to a job or career. This included LMI briefing activities with curriculum managers, ongoing industrial updating and employer engagement activities during students' induction.
- To maximise the use of College facilities and resources by developing commercial opportunities within the local community, schools and businesses. Additional income was generated through increased partnerships activity.
- To actively explore and develop partnership opportunities which align with our core mission and values and allow us to build a broader financial base and be more efficient. Steering groups for partnership working with Ambitious about Autism and Woodbridge Park are fully operational and there has been successful expansion of the Nursery provision and income.
- Agreed and documented processes in Exams established to streamline the systems for gathering and reporting on curriculum performance. Rigorous and transparent checking progress implemented.



## WEST THAMES COLLEGE

### REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)

- Following the decision not to merge with Uxbridge and Harrow Colleges, strategic options to support the College's standalone position have been developed and formalised and we continue to explore options for strategic partnerships and opportunities for future growth. The Education & Skills Funding Agency (ESFA) have confirmed that we can remain as a viable standalone college.

#### 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 council 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 within which it must operate.

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

#### Performance indicators

Key performance Indicator	Measure/Target	2016-17 Actual
ESFA 16-19 student numbers	1,947	1,982
Adult Education Budget income	£3,508k	£3,508k
Staff costs as % of income	<65%	64.8%
Operating surplus	£75k	£298k
Adjusted current ratio	>2:1	2.2:1
Financial Health Score	Good	Good

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 success rates.

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

## FINANCIAL POSITION

#### Financial results

The College generated a deficit before other gains and losses in the year of £544k (2015/16 – £662k), with total comprehensive income for the year of £358k (2015/16 – deficit £3,805k). The result in 2016/17 is stated after adjustment for FRS 102 (28) and enhanced pension charges of £842k (2015/16 – £922k).

The College had accumulated income and expenditure reserves of negative £7,707k (2015/16 – negative £8,097k) and cash and short term investment balances of £4,457k (2015/16 – £4,825k) at 31 July 2017.

Tangible fixed asset additions during the year amounted to £1,026k (2015/16 – £3,735k). This was split between buildings of £172k (2015/16 – £3,134k) and equipment (including MIS related additions) of £854k (2015/16 – £601k).

The College significantly relies on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17, the funding bodies provided 80% (2015/16 – 84%) of the College's total income.

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

#### Treasury policies and objectives

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

The College has a separate treasury management policy in place.

## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum. There was no short term borrowing required during the year.

#### **Cash flows and liquidity**

The operating cash in-flow for the year was £1,659k (2015/16 – £2,726k).

At the year end, the College had an unsecured bank loan of £8,743k (2015/16 – £8,990k) in order to help finance the new build on its main site. The loan is part of agreed long term facility with Barclays.

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

#### **Reserves Policy**

The College has no formal reserves policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stood at £8,049k excluding the £15,756k defined benefit pension obligation (2016 – £7,710k and £15,807k respectively). The College's free reserves at 31 July 2017 equating to the net current assets were £1,101k (2016 – £349k). It is the Corporation's intention to increase reserves by the generation of annual operating surpluses.

### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

#### **Student numbers**

In 2016/17, the College delivered activity that produced £14,976k (2015/16 – £14,963k) in main funding body allocation. The College had approximately 6,200 (2015/16 – 5,900) students.

#### **Student achievements**

Specific areas for improvement from 2015-16 were identified through the Self-Assessment Report (SAR) process and measures were in place to achieve sustained improvement. In summary, there was considerable upward movement after the dip in achievement rates last year and, although actual achievement fell just short of the overall College target of 88%, 2016-17 achievement rates show a return to the consistently strong position that we have held over the past five years.

##### *Overall*

The 2016-17 achievement rate for classroom-based education and training was 87%, up 5% from 2015-16 and 5% above the National Rate.

##### *16-18*

The achievement rate of 82% is a 3% increase on 2015-16 and 4% above the National Rate of 78%.

##### *19+*

Overall achievement rates have increased by 4% this year from 87% in 2015-16 to 91% in 2016-17, which is 5% above the National Rate.

##### *Apprenticeships*

The Timely Apprenticeship achievement rate for 2016-17 was 39%, an improvement of 17% compared to 2015-16.

##### *English and maths*

New staffing arrangements were put in place for 2016-17 and this, in conjunction with our "All about M.E." campaign, had a positive impact on functional skills results. Achievement rates met and exceeded the College target of 70%, with FS English achievement rising to 70% (compared with 57% in 2015-16) and FS maths achievement improving to 75%, an increase of 8% on the previous year.

#### **Curriculum developments**

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

Following development of the new Skills + Logistics Centre in 2015-16 at our Feltham campus which directly addressed skills gaps in the priority area of logistics, we have made a smooth transition to direct delivery of high quality vocational training with clear routes to employment. We are working successfully in partnership with JCP



## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

and employers in delivering training in a range of areas such as logistics operations, warehouse management, forklift and goods vehicle driving.

We are also developing our traineeships and apprenticeship offer as well as a range of part-time and evening courses to up-skill adults. In response to employer needs, we have introduced new curriculum provision to meet the ever growing demand for skilled workers in this area and have developed progression routes through for 14-year-olds through to adults. As well as our Intermediate and Advanced Apprenticeships, we have continued the development of Higher Level Apprenticeships, again in response to skills shortages and in conjunction with LBH and other key partners.

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.

Programmes of Study were further developed in 2016-17 to enhance the employability skills of the students as well as increase focus on English and maths. In 2016-17, we have continued to extend our employability projects and links with employers, working with over 300 employers to provide work placements for our students. In addition, employability sessions are embedded into all programmes of study at all levels with a range of employability opportunities such as: industry insights provided by employers including Xerox, ITN and Sky TV; workshops/master classes delivered in partnership with employers including Heathrow, Goldman Sachs, Sky, Royal College of Arts; online workshops with large employers including Marks & Spencer and Schroders; live employer briefs with Aramark, Hounslow Arts Centre, the Rugby World Cup Festival, and employer mentor schemes.

We have continued to expand our 14-16 alternative provision, working very closely with LBH. Our Supported Learning area has also grown through a new programme designed for students as a progression pathway to Project Search. The supported internships at LBH and GSK have had another very successful year with the Project Search programme at LBH receiving recognition as one of the 'Top 10' such programmes in Europe.

Our partnership with Ambitious about Autism (AaA) has matured throughout the year following the opening in September 2016 of their new Ambitious College at our Isleworth campus. Ongoing collaboration with AaA is leading to extended curriculum infill and bespoke curriculum provision for students, staff training opportunities, improved utilisation of space and increased revenue through provision of shared and managed services. Similarly, our partnership with Woodbridge Park Education Service (WPES) who are co-located at our Feltham campus continues to work well and we are developing the curriculum offer and opportunities for provision of managed services to them.

Through our curriculum planning process we have further developed provision suitable for advanced learner loans and have continued to adapt our offer to reflect the reductions in ESFA funding for classroom-based provision. English and maths for those who have not yet achieved level 2 remains a priority.

#### **Events after the end of the reporting period**

There are no post balance sheet events to report.

#### **Future prospects**

We will continue to progress the strategic options identified in 2016-17, comprising growth of Apprenticeships, Adult Education and our core business (14-19 provision) including 16-18s, High Needs and 14-16 Alternative Provision.

Work with our 14-16 partners is ongoing and the co-location of Woodbridge Park's Key Stage 4 provision at the Skills + Logistics Centre will enable us to further develop these partnerships. We will continue to develop our pre-16 alternative provision in liaison with LBH and our offer will be reviewed annually to ensure that it meets local needs.

LBH has made a successful free school application for a Social Emotional Mental Health (SEMH) school for up to seventy 11-19 year olds. This is an area that has seen significant growth both nationally and locally and there is currently no local specialist provision available at the post-primary school age to meet demand. The proposed opening date is 2019-20 and a site in Hounslow has already been secured. SEND is an area of specialism and a growth area for the College. We already support some students with SEMH needs and have a good track record of supporting students with EHCPs to achieve and progress. College involvement in this new free school fits well with our long-term strategic plans and would bring mutual benefits. We are therefore considering applying to run the school and are preparing a bid to do so.

We have implemented new structures within our Business Development team to support the development and growth of Apprenticeships across the College generally and specifically in the area of logistics at the Skills + Logistics Centre.



## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

Through the launch of our new membership organisation – the Logistics Skills Alliance (LSA) – we aim to bridge the gap between young people and the logistics sector, providing training solutions for this thriving local industry. We will work with LSA members, including some major national employers, to plan apprenticeships and new commercial provision and will continue to work with the Institute of Couriers and the University of West London to be one of the leading partnerships of employers and education institutions offering the Express Delivery and management apprenticeships from Level 2 to Level 6. We will also extend JCP provision working with local employers to track participants into work and to ensure participants are job-ready to work in airside settings at Heathrow.

#### **Going Concern**

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

The College had £8,743k of loans outstanding at 31 July 2017 with Barclays Bank plc on terms negotiated in 2008. Additionally, Barclays have said they will consider a request from the College for a short-term unsecured facility if needed. The terms of the existing agreement are for up to another 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future and make repayments as they fall due.

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

#### **RESOURCES**

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

Tangible resources include the main College site in London Road, which underwent a four year major redevelopment ending in 2011, and a satellite leasehold site in Feltham which has undergone a £2.8m capital investment programme over the last couple of years. The Skills + Logistics Centre at our Feltham campus hosts vocational courses mainly in Logistics, Construction, Engineering and Motor Vehicles.

##### **Financial**

The College has £4,643k (2016 - £5,001k) of net liabilities including £15,756k (2016 - £15,807k) pension liability and long term debt of £8,743k (2016 - £8,990k).

##### **People**

The College employed approximately 314 people (expressed as full-time equivalents), of whom 111 were teaching staff during 2016/17.

##### **Reputation**

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

#### **PRINCIPAL RISKS AND UNCERTAINTIES:**

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

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

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

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



## WEST THAMES COLLEGE

### REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)

#### 1. Government funding

The College has considerable reliance on continued Government funding through the further education sector funding bodies and through HEFCE. In 2016/17, approximately 91% 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:

- Apprenticeship funding reform
- Increased localisation and devolution of the Adult Education Budget
- The impact of the Area Review process
- Brexit and subsequent impact on availability of European Social Funding (ESF)
- An ongoing reduction in real terms of funding for classroom based provision for adults through the ESFA

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.
- Constant review of the cost base and efficiency of the organisation and participation in innovative approaches such as testing shared services models for back office processes.
- Increasing curriculum provision which can attract Advanced Learner Loans
- Strategies to reduce dependency on income from public funded sources.

#### 2. Tuition fee policy

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

This risk is mitigated in a number of ways:

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

#### 3. Maintain adequate funding of pension liabilities

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

#### 4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Good" as described above. This is largely the consequence of achieving or exceeding funding body targets. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

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

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

## STAKEHOLDER RELATIONSHIPS

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

- Students;

## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers;
- Local Authorities, particularly Hounslow;
- Government Offices/ Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site, bulletin publications and through various meetings and forums.

#### **Equality and Diversity**

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

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

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

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

#### **Disability statement**

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

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

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

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

#### **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 13<sup>th</sup> December 2017 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 2017

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<sup>st</sup> August 2016 to 31<sup>st</sup> July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

In the opinion of the members of the Corporation, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on August 2015 with the exception of Clause 9.29 – the number of Terms of Office will be for the Corporation to determine based on need with no prescribed limit.

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

#### The Corporation

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

	Date(s) of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served at time of approving the Financial Statements	Attendance record for Corporation meetings in the academic year 01/08/16 to 31/07/17
Mr Simon Wilcox (As Chair, from 12/07/17)	15/10/14	4 years	-	Independent	5	5/6
Mr John Bolt (As Chair, to 12/07/17)	17/12/08; re-appointed 17/12/12 17/12/16	4 years	-	Independent	2,3,4	6/6
Mr Tommy White (Vice Chair)	07/02/11 re-appointed 07/02/15	4 years	-	Independent	2,5	6/6
Ms Tracy Aust (Chief Executive)	01/04/16	Ex officio	-	Principal	3, 4, 5	5/6

# WEST THAMES COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2017 (cont.)

	Date(s) of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served at time of approving the Financial Statements	Attendance record for Corporation meetings in the academic year 01/08/16 to 31/07/17
Ms Alma Patterson	21/10/09 re-appointed 01/04/14	4 years	-	Teaching staff representative	3,4	5/6
Mr Stephen Castle	17/12/08; re-appointed 31/07/14	4 years	12/10/16	Independent	5	N/A
Ms Charanjit Singh	01/08/10 re-appointed 01/08/14	4 years	-	Independent	1,2,3,4	6/6
Ms Linda Graves	01/08/10 re-appointed 01/08/14	4 years	-	Independent	1,2	4/6
Ms Mary Harpley	01/02/12 re-appointed 01/02/16	4 years	-	Independent	2	1/2 Sabbatical From 1/10/16 to 31/3/17
Mr Anand Joshi	18/12/13	4 years	12/10/16	Independent	4	N/A
Dr Bruce Armstrong	01/08/14	4 years	-	Independent	4	5/6
Mr Michael Michaelides	17/12/14	4 years	-	Staff representative	5	6/6
Mr Tore Karakaya	01/08/16	1 year	31/07/17	Student representative	4	2/6
Miss Nickol Duszniak	03/11/17	1 year	31/07/18	Student representative	4	N/A
Mr Mustakh Ahmed	03/11/17	1 year	31/07/18	Student representative	4	N/A
Ms Michaela Izquierdo	26/11/12 re-appointed  26/11/16	4 years	-	Non Governor Co-opted Member of the Audit Committee	1	N/A
Mr Jonathan Allen acts as a Clerk to the Corporation.						

<sup>1</sup> Member of the Audit Committee, chaired by Linda Graves

<sup>2</sup> Member of the Remuneration Committee, chaired by John Bolt

<sup>3</sup> Member of the Search Committee, chaired by John Bolt

<sup>4</sup> Member of the Quality & Equality Advisory Group, chaired by Dr Bruce Armstrong

<sup>5</sup> Member of the Finance & Capital Projects Advisory Group, chaired by Tommy White

As at 13 December 2017 there were no vacancies.



## **WEST THAMES COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

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

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

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation held six meetings during the year.

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

West Thames College  
London Road  
Isleworth  
Middlesex  
TW7 4HS

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

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

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

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

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

#### **Appointments to the Corporation**

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

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

#### **Corporation performance**

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

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

## **WEST THAMES COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

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

The process for setting clear improvement targets which are systematically monitored is well established. In 2016-17 the majority of the improvement targets were met and/or made significant progress. The College Development Plan sets annual objectives grouped under three strategic goals. The Corporation ensures challenging targets are set for these objectives, and these are monitored at each Corporation meeting using a dashboard of key indicators. The Strategic Risk register cross references these strategic objectives and identifies external sources of assurance for the Board.

#### **Remuneration Committee**

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

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel and to advise on the appointment of the Clerk to the Corporation.

Details of remuneration for the year ended 31 July 2017 are set out in note 6 to the financial statements.

#### **Audit Committee**

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

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

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

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

Management is responsible for implementing agreed recommendations and internal auditors undertake periodic follow up reviews to ensure that such recommendations have been implemented.

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

#### **Internal Control**

##### **Scope of responsibility**

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

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



## **WEST THAMES COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2017 (cont.)**

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Thames College for the year ended 31 July 2017 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 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

#### **The risk and control framework**

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

West Thames College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### **Review of effectiveness**

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

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

## WEST THAMES COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2017 (cont.)

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

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

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

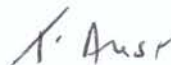
#### Going Concern

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

Approved by order of the members of the Corporation on 13 December 2017 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 College's financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

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

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



**Simon Wilcox**  
Chair  
13 December 2017



**Tracy Aust**  
Accounting Officer  
13 December 2017

## WEST THAMES COLLEGE

### STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on 13 December 2017 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 2017, 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).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of its surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### **BASIS FOR OPINION**

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

#### **CONCLUSIONS RELATING TO GOING CONCERN**

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

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

#### **OTHER INFORMATION**

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## WEST THAMES COLLEGE

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

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

#### RESPONSIBILITIES OF THE CORPORATION

As explained more fully in the Statement of Responsibilities of Members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 19 December 2017



## **WEST THAMES COLLEGE**

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

In accordance with the terms of our engagement letter dated 6 June 2017 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by West Thames College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

**WEST THAMES COLLEGE**

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

A handwritten signature in blue ink, appearing to read "Buzzacott LLP", is written over the printed name.

**Buzzacott LLP**  
Chartered Accountants

Date 19 December 2017



WEST THAMES COLLEGE

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2016-17			2015-16		
		Before actuarial pension adjustments £000	Actuarial pension adjustments £000	After actuarial pension adjustments £000	Before actuarial pension adjustments £000	Actuarial pension adjustments £000	After actuarial pension adjustments £000
<b>Income</b>							
Funding body grants	2	16,294	-	16,294	16,542	-	16,542
Tuition fees and education contracts	3	4,273	-	4,273	3,589	-	3,589
Other income	4	1,177	-	1,177	1,012	-	1,012
Investment income	5	25	-	25	16	-	16
<b>Total Income</b>		<b>21,769</b>	<b>-</b>	<b>21,769</b>	<b>21,159</b>	<b>-</b>	<b>21,159</b>
<b>Expenditure</b>							
Staff costs	6	12,962	435	13,397	12,736	338	13,074
Restructuring and other costs	6	21	-	21	61	-	61
Other operating expenses	7	5,557	(9)	5,548	4,757	126	4,883
Depreciation	10	2,464	-	2,464	2,806	-	2,806
Interest and other finance costs	8	467	416	883	481	458	939
<b>Total Expenditure</b>		<b>21,471</b>	<b>842</b>	<b>22,313</b>	<b>20,841</b>	<b>922</b>	<b>21,763</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>298</b>	<b>(842)</b>	<b>(544)</b>	<b>318</b>	<b>(922)</b>	<b>(604)</b>
Deficit on disposal of fixed assets	10	-	-	-	(58)	-	(58)
<b>Surplus/(deficit) before tax</b>		<b>298</b>	<b>(842)</b>	<b>(544)</b>	<b>260</b>	<b>(922)</b>	<b>(662)</b>
Taxation	9	-	-	-	-	-	-
<b>Surplus/(deficit) for the year</b>		<b>298</b>	<b>(842)</b>	<b>(544)</b>	<b>260</b>	<b>(922)</b>	<b>(662)</b>
Actuarial gain / (loss) in respect of pension scheme	23	-	902	902	-	(3,143)	(3,143)
<b>Total comprehensive income for the year</b>		<b>298</b>	<b>60</b>	<b>358</b>	<b>260</b>	<b>(4,065)</b>	<b>(3,805)</b>
<b>Represented by:</b>							
Unrestricted comprehensive income		298	60	358	260	(4,065)	(3,805)
		<b>298</b>	<b>60</b>	<b>358</b>	<b>260</b>	<b>(4,065)</b>	<b>(3,805)</b>

The Statement of Comprehensive Income is in respect of continuing activities.

WEST THAMES COLLEGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2017

	Note	Income and expenditure account	Revaluation reserve	Total
		£000	£000	£000
<b>Balance at 31st July 2015</b>		<b>(4,324)</b>	<b>3,128</b>	<b>(1,196)</b>
Deficit from the income and expenditure account		(662)	-	(662)
Other comprehensive expenditure		(3,143)	-	(3,143)
Transfers between revaluation and income and expenditure reserves		32	(32)	-
<b>Total comprehensive income for the year</b>		<u><b>(3,773)</b></u>	<u><b>(32)</b></u>	<u><b>(3,805)</b></u>
<b>Balance at 31 July 2016</b>		<b>(8,097)</b>	<b>3,096</b>	<b>(5,001)</b>
Deficit from the income and expenditure account		(544)	-	(544)
Other comprehensive income		902	-	902
Transfers between revaluation and income and expenditure reserves		32	(32)	-
<b>Total comprehensive income for the year</b>		<u><b>390</b></u>	<u><b>(32)</b></u>	<u><b>358</b></u>
<b>Balance at 31st July 2017</b>		<u><u><b>(7,707)</b></u></u>	<u><u><b>3,064</b></u></u>	<u><u><b>(4,643)</b></u></u>



WEST THAMES COLLEGE

BALANCE SHEETS AS AT 31 JULY 2017

		2017 £000	2016 £000
<b>Non current assets</b>	<b>Notes</b>		
Tangible fixed assets	10	<u>66,390</u>	<u>67,828</u>
<b>Current assets</b>			
Stocks		7	8
Trade and other receivables	12	561	569
Cash	18	707	3,325
Short-term deposits	13	3,750	1,500
Total current assets		<u>5,025</u>	<u>5,402</u>
<b>Less:</b>			
Creditors: amounts falling due within one year	14	(3,924)	(5,053)
<b>Net current assets</b>		<u>1,101</u>	<u>349</u>
<b>Total assets less current liabilities</b>		<u>67,491</u>	<u>68,177</u>
Less: Creditors - amounts falling due after more than one year	15	(55,064)	(55,959)
<b>Provisions</b>			
Defined benefit obligations	17, 23	(15,756)	(15,807)
Other provisions	17	(1,314)	(1,412)
<b>TOTAL NET LIABILITIES</b>		<u>(4,643)</u>	<u>(5,001)</u>
<b>Unrestricted reserves</b>			
Income and expenditure account		(7,707)	(8,097)
Revaluation reserve		3,064	3,096
<b>TOTAL UNRESTRICTED RESERVES</b>		<u>(4,643)</u>	<u>(5,001)</u>

The financial statements on pages 21 to 42 were approved by the governing body on 13 December 2017 and were signed on its behalf by:



Simon Wilcox  
Chair



Tracy Aust  
Accounting Officer

**WEST THAMES COLLEGE**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED 31 JULY 2017**

	Notes	2017 £000	2016 £000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(544)	(662)
<b>Adjustment for non cash items</b>			
Depreciation (note 10)		2,464	2,806
Decrease in stock		1	3
Decrease/(increase) in debtors (note 12)		8	(252)
(Decrease)/increase in creditors due within one year		(829)	318
Decrease in creditors due after one year		(636)	(835)
(Decrease)/increase in provisions (note 17)		(98)	29
Pensions costs less contributions payable		435	338
<b>Adjustment for investing or financing activities</b>			
Investment income		(25)	(16)
Interest payable (note 8)		883	939
Loss on sale of fixed assets		-	58
<b>Net cash inflow from operating activities</b>		<u>1,659</u>	<u>2,726</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	20
Investment income (note 5)		25	16
Withdrawal of deposits		1,500	-
New deposits		(3,750)	(1,500)
Payments made to acquire fixed assets		(1,338)	(3,234)
		<u>(3,563)</u>	<u>(4,698)</u>
<b>Cash flows from financing activities</b>			
Interest paid (note 8)		(467)	(481)
Repayments of amounts borrowed		(247)	(230)
		<u>(714)</u>	<u>(711)</u>
<b>Decrease in cash and cash equivalents in the year</b>		<u><b>(2,618)</b></u>	<u><b>(2,683)</b></u>
		£000	£000
Cash and cash equivalents at beginning of the year		<u>3,325</u>	<u>6,008</u>
Cash and cash equivalents at end of the year		<u>707</u>	<u>3,325</u>



## 1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

### Basis of preparation

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

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

### Basis of accounting

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

### Basis of consolidation

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

### Going concern

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

The College currently has £8,743k of a loan outstanding with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 20 years. This is a 25 year fixed rate loan. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future and make repayments as they fall due. Additionally, Barclays have said they will consider a request from the College for a short-term unsecured facility if needed.

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

### Recognition of income

#### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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

##### *Capital grant funding*

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

##### *Fee income*

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

##### *Investment income*

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

##### *Agency arrangements*

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

#### **Accounting for post-employment benefits**

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

##### *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 (cont.)**

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

**Non-current Assets -Tangible fixed assets**

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

**Land and buildings**

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

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

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, but not to adopt a policy of revaluations of these properties in the future.

**Leasehold improvements**

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

**Subsequent expenditure on existing fixed assets**

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

## **WEST THAMES COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017**

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

##### **Equipment**

Equipment costing less than £250 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

##### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

##### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

##### **Inventories**

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

##### **Cash and cash equivalents**

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

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

##### **Financial liabilities**

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). Loans and investments that are payable or receivable within one year are not discounted.

##### **Foreign currency translation**

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



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

**Taxation**

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

The College is partially exempt in respect of value added tax, so that it can only recover a minor element of vat charged on inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

**Provisions and contingent liabilities**

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

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

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

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

**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

2 FUNDING BODY GRANTS

	2017 £000	2016 £000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	3,508	3,158
Education and Skills Funding Agency – 16 -18	10,509	10,933
Education and Skills Funding Agency - apprenticeships	588	581
Education and Skills Funding Agency - other income	225	-
Higher Education Funding Council	284	291
<b>Specific Grants</b>		
Releases of Government capital grants	1,180	1,579
<b>TOTAL</b>	<b>16,294</b>	<b>16,542</b>

3 TUITION FEES AND EDUCATION CONTRACTS

	2017 £000	2016 £000
Adult education fees	690	563
Apprenticeship fees and contracts	1	-
Fees for FE loan supported courses	498	385
Fees for HE loan supported courses	997	1,130
International students fees	7	4
Total tuition fees	2,193	2,082
Education contracts	2,080	1,507
<b>TOTAL</b>	<b>4,273</b>	<b>3,589</b>

4 OTHER INCOME

	2017 £000	2016 £000
Catering	352	351
Other income generating activities	77	84
Miscellaneous income	708	577
Releases of other Government capital grants	40	-
<b>TOTAL</b>	<b>1,177</b>	<b>1,012</b>



# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

### 5 INVESTMENT INCOME

	2017 £000	2016 £000
Interest receivable	25	16
<b>TOTAL</b>	<b>25</b>	<b>16</b>

### 6 STAFF COSTS

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

	2017 Number	2016 Number
Teaching staff	111	109
Non - teaching staff	203	204
<b>TOTAL</b>	<b>314</b>	<b>313</b>

#### Staff costs for the above persons:

	2017 £000	2016 £000
Wages and salaries	9,552	9,511
Social security costs	736	641
Other pension costs	1,663	1,531
<b>Payroll sub-total</b>	<b>11,951</b>	<b>11,683</b>
Contracted out staffing services	1,446	1,391
	<b>13,397</b>	<b>13,074</b>
Redundancy payments including severance and payments in lieu of notice and other settlement costs	21	61
<b>TOTAL</b>	<b>13,418</b>	<b>13,135</b>

#### Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Corporation together with the College Executive Team which in 2016/17 comprised of the Principal and four Executive Directors of Curriculum, Funding & Finance, Resources and Quality & Workforce Development.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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

	2017 Number	2016 Number
The number of remunerated Key Management Personnel including the Accounting Officer was:	<u>5</u>	<u>5</u>

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

	2017 Number	2016 Number
£50,001 to £60,000 p.a.	2	3
£70,001 to £80,000 p.a.	2	-
£110,001 to £120,000 p.a.	-	1
£120,001 to £130,000 p.a.	1	1
	<u>5</u>	<u>5</u>

In addition during 2015/16, the role of Deputy Principal was fulfilled by an external consultant from April 2016 to July 2016 on an interim basis. The College incurred costs of £51k for the provision of these services.

No other staff received emoluments exceeding £60,000 p.a. (2016: none).

Key Management Personnel emoluments are made up as follows:

	£000	£000
Salaries - gross of salary sacrifice and waived emoluments	383	345
Employers National Insurance	47	40
Benefits in kind	-	1
	<u>430</u>	<u>386</u>
Pension contributions	49	43
<b>Total emoluments</b>	<u>479</u>	<u>429</u>
Agency staff	-	51
	<u>479</u>	<u>480</u>

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

The above emoluments include amounts below paid to the Accounting Officer (who was also the highest paid senior postholder) during the year. In 2015/16 there was a change in the postholder from April 2016 following the retirement of the incumbent Accounting Officer.

	2017	2016	
		8 months to 31/03/16	4 months from 01/04/16
	£000	£000	£000
Salary	128	80	42
Benefits-in-kind	-	1	-
	<u>128</u>	<u>81</u>	<u>42</u>
Pension contributions	<u>21</u>	<u>13</u>	<u>7</u>

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



# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

### 7 OTHER OPERATING EXPENSES

	2017 £000	2016 £000
Teaching costs	610	653
Non teaching costs	3,301	2,608
Premises costs	1,637	1,622
<b>TOTAL</b>	<b><u>5,548</u></b>	<b><u>4,883</u></b>

#### Other operating expenses include:

	2017 £000	2016 £000
Auditor's remuneration :		
- Financial statements audit	30	29
- internal audit	25	14
- other services provided by the financial statements auditors	2	5
Hire of plant and machinery - operating leases	<u>96</u>	<u>96</u>

### 8 INTEREST PAYABLE

	2017 £000	2016 £000
On bank loan repayable wholly or partly in more than five years	467	481
Pension finance costs (note 23)	416	458
<b>TOTAL</b>	<b><u>883</u></b>	<b><u>939</u></b>

### 9 TAXATION

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

**WEST THAMES COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017**

**10 TANGIBLE FIXED ASSETS**

	Land & Buildings Freehold £000	Long Leasehold £000	Equipment & Vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 August 2016	71,860	5,035	8,681	85,576
Additions	73	99	854	1,026
Disposal of assets	-	-	(721)	(721)
<b>At 31 July 2017</b>	<b><u>71,933</u></b>	<b><u>5,134</u></b>	<b><u>8,814</u></b>	<b><u>85,881</u></b>
<b>Depreciation</b>				
At 1 August 2016	9,586	903	7,259	17,748
Charge for the year	1,466	169	829	2,464
Disposal of assets	-	-	(721)	(721)
<b>At 31 July 2017</b>	<b><u>11,052</u></b>	<b><u>1,072</u></b>	<b><u>7,367</u></b>	<b><u>19,491</u></b>
<b>Net book value</b>				
<b>At 31 July 2017</b>	<b><u>60,881</u></b>	<b><u>4,062</u></b>	<b><u>1,447</u></b>	<b><u>66,390</u></b>
<b>Net book value</b>				
<b>At 1 August 2016</b>	<b><u>62,274</u></b>	<b><u>4,132</u></b>	<b><u>1,422</u></b>	<b><u>67,828</u></b>

**11 NON-CURRENT INVESTMENTS**

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

**12 TRADE AND OTHER RECEIVABLES**

	£000 2017	£000 2016
Amounts falling due within one year:		
Trade receivables	368	362
Prepayments and accrued income	193	207
<b>TOTAL</b>	<b><u>561</u></b>	<b><u>569</u></b>

£31k (2016- £23k) amount owed by the ESFA has been netted off against amounts owed to the funding agency (note 14).

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



# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

### 13 CURRENT INVESTMENTS

	2017 £000	2016 £000
Short term deposits	3,750	1,500
	<u>3,750</u>	<u>1,500</u>

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.

### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Bank loan (note 16)	259	247
Trade payables	872	1,028
Other taxation and social security	331	317
Accruals and deferred income	852	810
Deferred income - government capital grants	1,204	1,764
Amounts owed to the ESFA	406	887
TOTAL	<u>3,924</u>	<u>5,053</u>

### 15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £000	2016 £000
Bank loan (note 16)	8,484	8,743
Deferred income - government capital grants	46,580	47,216
	<u>55,064</u>	<u>55,959</u>

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

### 16 MATURITY OF DEBT

	2017 £000	2016 £000
Bank loan is repayable as follows:		
In one year or less (note 14)	259	247
Between one and two years	273	259
Between two and five years	908	861
In five years or more	7,303	7,623
TOTAL	<u>8,743</u>	<u>8,990</u>

# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

### 17 PROVISIONS

	Defined benefit Obligations £000	Enhanced Pensions £000	Total £000
At 1 August 2016	15,807	1,412	17,219
Payments in the year	(623)	(89)	(712)
Adjustments in period	572	(9)	563
<b>At 31 July 2017</b>	<b><u>15,756</u></b>	<b><u>1,314</u></b>	<b><u>17,070</u></b>

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

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

The principal assumptions for this calculation are:

	2017	2016
Interest rate	2.30%	2.30%
Net interest rate	<u>1.30%</u>	<u>1.30%</u>

### 18 CASH AND CASH EQUIVALENTS

	At 01/08/16 £000	Cashflows £000	At 31/07/17 £000
Cash in hand and at bank	3,325	(2,618)	707
<b>TOTAL</b>	<b><u>3,325</u></b>	<b><u>(2,618)</u></b>	<b><u>707</u></b>

### 19 CAPITAL AND OTHER COMMITMENTS

There were no commitments contracted for at 31 July (2016: Nil)



## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

#### 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 Centre site to 2026 with the intention of both parties to extend this further. The principal term of the current lease is a 15 year tenure which commenced in April 2011 of which the first 10 years are rent free and then revert to a rack rent for the final 5 years.

##### Other

	2017 £000	2016 £000
Not later than one year	96	96
Later than one year and not later than five years	136	232
	<u>232</u>	<u>328</u>

#### 21 CONTINGENCIES

The Corporation is not aware of any such liabilities (2016: none).

#### 22 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

## 23 DEFINED BENEFIT OBLIGATIONS

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

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

	Year ended 31 July 2017 £000	Year ended 31 July 2016 £000
<b>Total pension cost for the year</b>		
Teachers Pension Scheme: contributions payable	599	597
Local Government Pension Scheme:		
Contributions payable	629	596
FRS 102 (28) charge	435	338
	<u>1,064</u>	<u>934</u>
Charge to the Statement of Comprehensive Income (note 6)	1,663	1,531
Enhanced pension (credit)/charge to Statement of Comprehensive Income (note 17)	(9)	126
<b>Total Pension Cost for Year</b>	<u><u>1,654</u></u>	<u><u>1,657</u></u>

Contributions amounting to £109k (2016 £79k) were payable to the schemes at 31 July and are included within creditors.

**Teachers' Pension Scheme**

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

**The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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



**23 DEFINED BENEFIT OBLIGATIONS (cont.)**

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

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

**Scheme Changes**

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

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

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

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

The pension costs paid to TPS in the year amounted to £598,000 (2016: £599,000).

**FRS 102 (28)**

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

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

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hounslow Local Authority. The total contribution made for the year ended 31 July 2017 was £822k (2016 - £783k) of which employer's contributions totalled £629k (2016 - £596k) and employees' contributions totalled £193k (2016 - £187k).

The employer contribution rate in respect of future service for the College is 13.2%. In addition, set annual deficit recovery sums are payable as follows - 2017/18 £272k, 2018/19 £278k and 2019/20 £285k.

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

**Principal Actuarial Assumptions**

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

	2017	2016
Rate of increase in salaries	4.2%	4.0%
Rate of increase for pensions in payment	2.7%	2.2%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.7%	2.2%
Commutation of pensions to lump sums	<u>50.0%</u>	<u>50.0%</u>

# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

### 23 DEFINED BENEFIT OBLIGATIONS (cont.)

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

	2017	2016
<i>Retiring today</i>		
Males	21.4	22.1
Females	25.1	26.7
<i>Retiring in 20 years</i>		
Males	23.6	24.4
Females	27.4	29.1

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

	Value at 31 July 2017 £'000	Value at 31 July 2016 £'000
Equities	11,434	10,356
Gilts	571	699
Other bonds	1,965	2,752
Property	865	781
Absolute Return Funds	2,551	600
Cash	215	377
<b>Total fair value of plan assets</b>	<b>17,601</b>	<b>15,565</b>

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

	2017 £'000	2016 £'000
Fair value of plan assets	17,601	15,565
Present value of plan liabilities	(33,357)	(31,317)
Present value of unfunded liabilities	-	(55)
<b>Net pensions liability (Note 17)</b>	<b>(15,756)</b>	<b>(15,807)</b>

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

	£'000	£'000
<b>Amounts included in staff costs</b>		
Current service cost	1,058	858
Past service cost	-	76
<b>Total</b>	<b>1,058</b>	<b>934</b>
<b>Amounts included in interest payable</b>		
	2016 £'000	2015 £'000
Net interest cost including admin costs	416	458
	<b>416</b>	<b>458</b>



WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

23 DEFINED BENEFIT OBLIGATIONS (cont.)

<b>Amount recognised in Other Comprehensive Income</b>	2017 £'000	2016 £'000
Return on pension plan assets in excess of interest	1,398	833
Experience gains arising on defined benefit obligations	506	55
Changes in assumptions underlying the present value of plan assets & liabilities	(1,002)	(4,031)
<b>Amount recognised in Other Comprehensive Income</b>	<u>902</u>	<u>(3,143)</u>
<b>Movement in net defined benefit liability during year</b>	2017 £'000	2016 £'000
Net defined benefit liability in scheme at 1 August	(15,807)	(11,868)
Movement in year:		
Current service cost	(1,058)	(858)
Past service cost	-	(76)
Employer contributions	623	596
Net interest on the defined liability (note 8)	(416)	(458)
Actuarial gain/(loss)	902	(3,143)
<b>Net defined benefit liability at 31 July</b>	<u>(15,756)</u>	<u>(15,807)</u>
<b>Asset and Liability Reconciliation</b>		
<b>Changes in the present value of defined benefit obligations</b>	2017 £'000	2016 £'000
Defined benefit obligations at start of period	31,372	25,950
Current service cost	1,058	858
Interest cost	812	978
Contributions by Scheme participants	190	187
Experience gains and losses on defined benefit obligations	(506)	(55)
Changes in financial assumptions	2,266	4,031
Changes in demographic assumptions	(1,324)	-
Estimated benefits paid net of transfers in	(511)	(653)
Past service cost including curtailments	-	76
<b>Defined benefit obligations at end of period</b>	<u>33,357</u>	<u>31,372</u>
<b>Changes in fair value of plan assets</b>	2017 £'000	2016 £'000
Fair value of plan assets at start of period	15,565	14,082
Interest on plan assets	409	538
Return on plan assets in excess of interest	1,385	815
Other actuarial losses	(60)	-
Employer contributions	623	596
Contributions by Scheme participants	190	187
Estimated benefits paid	(511)	(653)
<b>Fair value of plan assets at end of period</b>	<u>17,601</u>	<u>15,565</u>

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

#### 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 (2016 - £Nil).

No expenses were paid to or on behalf of the Corporation members during the year (2016: Nil).

Other than the Accounting Officer and staff representatives, no Corporation member has received any remuneration or waived payments from the College (2016: Nil)

#### 25 AMOUNTS DISBURSED AS AGENT

##### LEARNER SUPPORT FUNDS

	2017 £000	2016 £000
Funding body grants* - hardship support	13	387
Funding body grants* - childcare	64	145
16-18 Bursary funding	398 **	406 **
	<u>475</u>	<u>938</u>
Disbursed to Students	(429)	(613)
Staffing & Administration Costs	(16)	(32)
Balance unspent at 31 July	<u>30</u>	<u>293</u>

\* 2016 includes Discretionary Learner Support (DLS) Fund and Adv. Loan Bursary Funds while 2017 includes Adv. Loan Bursary only. The DLS is included in the Statement of Comprehensive Income in 2017.

\*\* Includes amount brought forward of £66k (2016 = £1k)

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

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



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