

# Report and Financial Statements for the Year Ended 31 July 2021



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## **WEST THAMES COLLEGE**

### **KEY MANAGEMENT PERSONNEL, MEMBERS OF THE CORPORATION AND PROFESSIONAL ADVISERS**

#### **Key Management Personnel**

Key Management Personnel are defined as members of the Corporation together with the members of the College Executive Team which was represented by the following in 2020-21:

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

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

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

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

#### **Professional advisers**

##### **Financial statements auditor and reporting accountants**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

##### **Internal auditor**

MHA MacIntyre Hudson  
6<sup>th</sup> Floor  
2 London Wall Place  
London  
EC2Y 5AU

##### **Bankers**

Barclays plc  
Level 12  
1 Churchill Place  
London  
E14 5HP

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

##### **Solicitors**

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

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## **Contents**

|  |       |
|--|-------|
| Report of the Members of the Corporation                               | 1-10  |
| Statement of Corporate Governance and Internal Control                 | 11-16 |
| Statement of Regularity, Propriety and Compliance                      | 17    |
| Statement of the Responsibilities of the Members of the Corporation    | 18    |
| Independent Auditor's Report to the Corporation of West Thames College | 19-21 |
| Reporting Accountant's Assurance Report on Regularity                  | 22-23 |
| Statement of Comprehensive Income and Expenditure                      | 24    |
| Statement of Changes in Reserves                                       | 25    |
| Balance Sheet  | 26    |
| Statement of Cash Flows  | 27    |
| Notes to the Financial Statements                                      | 28-45 |

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## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021**

#### **OBJECTIVES AND STRATEGY**

The members present their annual report together with the financial statements and auditor's report for West Thames College for the year ended 31 July 2021.

##### **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.

##### **Vision, values and principles**

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

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

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

- Integrity
- Excellence
- Equality
- Respect

##### **Resources**

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

The College employed 280 people (expressed as an average headcount) during 2020-21, of whom 119 were teaching staff.

The College enrolled approximately 5,300 (2019-20: 5,100) students. The College's student population included approximately 1,670 16-to-18-year-olds, 80 under-16s, 170 higher education students, 80 apprentices and 3,300 adult learners. The increase in numbers from the previous year was due primarily to partial recovery following disruption to courses for adults in 2019-20 caused by COVID-19.

Excluding the pension liability of £20,467k (2019-20: £21,199k) the College has net assets of £11,426k (2019-20: £11,043k). The College has £3,034k (2019-20: £1,837k) of net current assets.

Tangible resources include the main College site in London Road, Isleworth, which underwent a four-year major redevelopment ending in 2011, and a leasehold site in Feltham, the Skills + Logistics Centre, which benefitted from capital investment of more than £3m in 2015-16.

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.

The College has a good reputation locally and regionally. In its last Ofsted inspection in October 2021, the College was rated 'Good' for overall effectiveness whilst behaviour and attitudes received an 'Outstanding' grade. Maintaining a quality brand is essential for the College's success in attracting students and expanding external relationships.

##### **Stakeholders**

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

- Current, future and past students
- Staff and their trade unions
- Employers
- Partner schools, FE and HE institutions
- Co-located partner organisations
- The wider College community
- Local authorities, particularly the London Borough of Hounslow, and Local Enterprise Partnerships

## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)**

- Education sector funding agencies and the FE Commissioner

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

#### **Public Benefit**

West Thames College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 11 and 12.

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to approximately 5,300 students, including 220 students with high needs:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

The College provides courses without charge to young people, to those who are unemployed or low-waged and adults taking courses in English, maths and essential digital skills. The College adjusts its courses to meet the needs of local employers and provides training to apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## **DEVELOPMENT AND PERFORMANCE**

### **Implementation of strategic plan**

In July 2010 the Corporation agreed three long-term strategic goals which have been reviewed regularly and are 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 2020-21 and achievement of those objectives are addressed below.

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

In October 2021, the College was inspected by Ofsted and received a judgement of 'Good' for overall effectiveness, 'Outstanding' for Behaviour and Attitudes and 'Good' across all other categories and provision types. The previous inspection took place in November 2017, following which the College set out a very detailed Post Inspection Action Plan (PIAP) which replaced goal 1 of providing an outstanding learning experience. Appropriate interventions were taken where required in order to drive the quality improvements needed. The progress made against the areas requiring improvement was rigorously monitored and reviewed, with regular updates to the Corporation. Significant progress was made against the areas identified for improvement with a much sharper focus on the quality of teaching, learning and assessment (TLA) with enhancements secured in all six aspects of TLA. These improvements have contributed to high achievement rates for 16-18s and for adult students and culminated in the recent positive Ofsted inspection outcome.

Goal 1 has been reinstated with effect from November 2021 and objectives have been updated accordingly.

Of the twelve objectives under goals 2 and 3 of the 2020-21 Development Plan, nine were fully met and three were partially met.

**REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)**

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

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

- All curriculum sections extended employer engagement activities, resulting in positive changes for curriculum design and delivery.
- Gathering of students' destinations information has been embedded in curriculum planning processes to ensure the College continues to meet local needs and provides students with appropriate progression routes.
- The College continued to strengthen its student voice by addressing key areas for improvement agreed with the Students' Union Executive and Student Voice Group.
- A thorough review of the student recruitment cycle was undertaken to strengthen and extend this, thereby increasing conversion of applicants to enrolments to secure student numbers to meet allocations.
- Despite the adverse impact of COVID-19, some growth and diversification of income was delivered through increased partnership work and the development of new opportunities to improve the utilisation of the College estate.
- An e-learning strategy with 3-year action plan was developed and implemented to ensure students have an effective and consistently high-quality learning experience and that staff are digitally literate, equipped with the appropriate skills and have the opportunity to develop these further.

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

All of the six objectives were fully or partially met.

- A comprehensive CPD programme was implemented, evaluated and impact measured. This focussed on priority areas of staff health and wellbeing and development of IT skills to support staff with blended delivery models in line with the College's e-learning strategy.
- The College continued to grow its bespoke programme of leadership and management training with development of a framework for the 'Outstanding Leader and Manager' through embedding of the successful project working group model.
- In line with good practice in the sector, curriculum area accounting and contribution analysis was developed and used to help inform curriculum design and viability.
- The governors' data dashboard was further developed to support strategic planning and performance monitoring through enhanced presentation and content, including new agreed KPIs for Human Resources and Health and Safety.
- Development of a robust, sustainable property strategy is close to completion. This will ensure provision of a safe, secure and high-quality learning environment to meet the current and future needs of our students and will maximise use the College's estate to generate income and support plans for economic recovery and environmental sustainability.
- A 3- to 5-year strategic plan is in development to consolidate the long-term vision for the College. This will be overseen by the Strategy and Business Development Committee and will be completed in 2021-22.

**Student achievements**

Students continue to prosper at the College. Achievement rates remained high in 2020-21 preserving the consistently strong position that the College has held in recent years.

*Overall*

The 2020-21 timely achievement rate for classroom-based education and training is 89% which is three percentage points above the 2018-19 National Rate of 86%.

*16-18*

The 2020-21 timely achievement rate of 88% is five percentage points above the National Rate of 83%.

*19+*

The 2020-21 timely achievement rate is 90% which exceeds the National Rate of 89% by one percentage point

*Apprenticeships*

The College experienced a significant upward trend in timely achievement rates over the few years prior to 2020-21 with achievement in 2019-20 surpassing the National Rate by three percentage points. However, COVID-19 had a major adverse impact on this provision with large numbers of Apprentices made redundant or subject to lengthy furlough. Consequently, the College had only eight timely leavers in 2020-21 with a 13% achievement rate.

*English and maths*

GCSE English achievement of 92% exceeds the National Rate by nine percentage points with 52% of students achieving high grades compared with the National Rate of 25%. GCSE maths achievement of 94% is twelve



**REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)**

percentage points above the National Rate. 44% of students achieved high grades compared with the National rate of 19%.

**Curriculum Development**

The College has a highly inclusive curriculum which offers breadth and depth, providing clear progression pathways and meets the diverse needs of the communities we serve. The curriculum offer ranges from pre-entry to higher education. The curriculum is informed by local need, including local and regional economic data with direct provision implemented as a result of the pandemic. Both the curriculum offer and mode of delivery have been adapted in light of the pandemic.

The College has excellent partnerships resulting in a highly inclusive and responsive offer which aligns with local and regional priorities. Examples of key partnerships are detailed below.

- A highly successful and responsive curriculum offer in conjunction with Ambitious about Autism (a co-located partner) enabling students with autism to access an appropriate College vocational curriculum. West Thames were awarded the Ambitious College Community Partner.
- Co-location of the Rise Sixth Form (part of AaA) at the Isleworth Campus which opened in September 2019 and grew in 2020-21, enabling 16- to 18-year-olds with autism to access the College curriculum.
- A 14-16 Alternative Provision Offer commissioned by the local authority and local schools. The Trading Places and Freshstart programmes provide personalised programmes for students who have been or are at risk of exclusion.
- Project Search – a successful supported internship programme working with GlaxoSmithKline and the London Borough of Hounslow and recognised in 2019-20 as one of the top 10 Project Search provisions in Europe.
- Brentford FC Community Sports Trust – our long-standing partnership with Brentford Football Club continues to be successful with over 40 students studying across the two years of this bespoke course provision leading to a Level 3 BTEC Extended Diploma in Sport.
- Logistics Skills Alliance – bringing together employers and providers from the logistics sector to meet identified skills shortages in this priority area and deliver a successful logistics offer, supporting JCP claimants into employment with high achievement and progression rates.
- Heathrow Skill Partnership – a successful partnership working with Heathrow, four FE Colleges and three HE providers to progress the work previously undertaken to support skills and employment at Heathrow, focussing on economic recovery and providing an extensive programme of virtual work experience and online workshops for students with employers across Construction, Engineering, Sustainability, Marketing, Design & Technology and IT.
- A highly responsive adult offer working closely with Jobcentre Plus (JCP) to provide bespoke provision for hard to reach claimants (many with ESOL needs) which supports their progress to employment.
- Bespoke apprenticeships designed with employers, with a strong focus on the logistics sector in line with local and regional priorities. This area of provision was significantly impacted by COVID-19 and the offer is being re-focussed to respond to the identified priority areas for West London as detailed in the West London Build and Recover Plan and *One Hounslow*.
- Working with London Borough of Hounslow, West London Business and other consortium members in the development of the *Great West Creatives Enterprise Zone* for Hounslow, the College sits on the consortium and the Employment and Skills Working group.
- Close working with a range of HE partners including University of Canterbury Christchurch, Kingston University, University of West London and, more recently, developing provision with St Mary's University.

**Future prospects**

The College continues to be well placed within the local community and within the region and is part of a number of key strategic groups which provide opportunities to share information and work with local and regional partners. The College will continue to extend this partnership work whilst focussing on supporting the economic recovery from COVID-19 by responding to national, regional and local priorities, for example, through alignment to the London Recovery Plan. This will include up-skilling and re-skilling the unemployed, implementing strategies to tackle youth unemployment, addressing skills gaps and by re-positioning parts of our curriculum offer to provide appropriate training and education in the priority and growth sectors (digital, green skills, health & care and the creative and cultural sectors).

Other priorities for 2021-22 and beyond include:

- To clearly meet the skills needs of employers in our community and to prepare west London residents to be able to take advantage of the employment opportunities available.
- To implement the recommendations set out in the FE Skills for Jobs White Paper (January 2021).
- To respond to the Mayoral skills priorities, such as the introduction of essential digital skills as a core skill alongside English and maths.

**REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)**

- Delivery of a distinct adult offer which is flexible and which focuses on the higher levels (3-5) as well as our level 2 and below offer which meets employer needs.
- Growth of a distinct provision for 16-18 year olds based around programmes of study.
- Curriculum reform including the roll out of T Levels and building the College's capacity and capability to deliver substantive work placements for level 2 and 3 students.
- Continued close working with a range of Employer Advisory Board partners to advise on curriculum development, course design and relevance.
- Development of JCP and DWP partnerships to extend delivery of provision that supports the national economic recovery agenda, such as the Youth Hub, the Skills Response Fund and Sector-based Work Academy Programmes (SWAPs)
- Continued HE/FE collaboration in West London focussing on the four key works sectors of:
  - Health & Care
  - Green skills
  - Creative and cultural sector
  - Digital skills
- Collaborative working on GLA Good Work for All bids to secure project funding for delivery in support of London's Recovery.
- To achieve a 'Good' or 'Outstanding' financial health grade and to attain or exceed financial benchmarks published by the FE Commissioner and ESFA.

Our three main strategic goals continue to reflect these priorities.

**Financial objectives**

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

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

**Financial results**

The College incurred a deficit before other gains and losses of £666k (2019-20: deficit of £341k) with total comprehensive income for the year of £1,115k (2019-20: negative £5,540k). The result in 2020-21 is stated after adjustment for FRS 102 (28) and enhanced pension charges of negative £669k (2019-20: £5,971k). Stripping out these adjustments would result in an operating surplus of £446k (2019-20: surplus of £431k) as per the tabulated key performance indicators (KPIs) below.

The College had accumulated income and expenditure reserves of negative £11,977k (2019-20: negative £13,124k) and cash and short-term investment balances of £6,844k (2019-20: £4,816k) at 31 July 2021.

Tangible fixed asset additions during the year amounted to £576k (2019-20: £564k). This was split between buildings of £260k (2019-20: £122k) and equipment of £316k (2019-20: £442k).

The College relies significantly on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020-21, the funding bodies provided 80% (2019-20: 79%) of the College's total income.

In 2020-21, the College delivered activity that produced £15,383k (2019-20: £14,670k) in main funding body allocation.

**Treasury policies and objectives**

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

The College has a separate treasury management policy in place.

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

## WEST THAMES COLLEGE

### REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)

#### Cash flows and liquidity

The operating cash inflow for the year was £3,311k (2019-20: inflow of £1,840k).

At the year end, the College had a bank loan of £7,623k (2019-20 £7,924k) outstanding relating to a 25-year fixed-term facility until April 2037 with Barclays plc. The loan was taken out to part-fund redevelopment of the College's Isleworth campus. Negotiations are ongoing for the College to provide Barclays with a first legal charge over the Millennium and Atrium Buildings as security for the loan.

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

#### Reserves Policy

The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate resources to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stood at negative £11,977k (2019-20: negative £13,124k) with cash and short-term investment balances of £6,844k (2019-20: £4,816k). Excluding the defined benefit pension obligation of £20,467k (2019-20: £21,199k), the Income and Expenditure account reserve was a surplus of £8,490k (2019-20: surplus of £8,075k). The College's free reserves at 31 July 2021 equating to the net current assets were £3,034k (2019-20: £1,837k). Net assets excluding the pension liability were £11,426k (2019-20: £11,043k). It is the Corporation's intention to increase reserves through the generation of annual operating surpluses.

#### KEY PERFORMANCE INDICATORS

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

| Key performance Indicator     | Measure/Target | 2020-21 Actual       |
|-------------------------------|----------------|----------------------|
| ESFA 16-19 student numbers    | 1,696          | 1,671                |
| Adult Education Budget income | £3,444k        | £3,484k <sup>1</sup> |
| Staff costs as % of income    | <65%           | 66.1%                |
| Operating surplus             | £150k          | £446k <sup>2</sup>   |
| Adjusted current ratio        | >2:1           | 2.7:1                |
| ESFA financial health grade   | Good           | Outstanding          |

1. Actual delivery of Adult Education Budget provision in 2020-21 is valued at £2,994k. This comprises earnings of £2,702k (87% of allocation) in respect of the AEB devolved allocation of £3,124k from the Greater London Authority (GLA) and £292k (91%) in respect of the non-devolved allocation of £320k from the Education & Skills Funding Agency (ESFA). The College continued to deliver AEB-funded provision successfully during the COVID-19 period, enabling students to complete their qualifications by delivering online. However, short-course provision in areas such as logistics, pre-employment training and trade union education was adversely affected with a reduced volume of new courses possible. Despite this, actual delivery of the non-devolved allocation exceeded the lowered threshold of 90% applied by the ESFA. The College submitted a business case to the GLA in respect of under-delivery against the 90% tolerance threshold. The GLA have accepted the business case and confirmed that the initial AEB funding allocation will be paid in full.
2. Despite the adverse impact of COVID-19 on several commercial and fee income lines, and on IT and estates expenditure, the College was able to grow income from provision to High Needs Students and realise cost savings in a number of areas. In addition, draw down against contingency budgets was minimal. These factors, together with no funding claw back of devolved AEB under-delivery, enabled the College to deliver an operating surplus of £446k which was considerably better than target.

The College is required to complete the annual Finance Record for the ESFA which produces a financial health grading. The current rating of 'Outstanding' is considered a positive outcome and is an improvement on the projected grade of 'Good'.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has well-developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes and the system of internal control, including financial, operational and risk management are designed to protect the College's assets, reputation and financial stability. Based on the strategic plan, the College Management Team (through the Executive Team meetings) undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the College Management Team also considers any risks which may arise as a result of a new area of work being undertaken by the College.

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

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

### **1. Continued impact of COVID-19**

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

This risk is mitigated by:

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

### **2. Government funding**

The College has considerable reliance on continued Government funding through the ESFA and GLA. In 2020-21, approximately 90% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Increased localisation following devolution of the Adult Education Budget to the GLA.
- Continued cuts in real-terms to funding for classroom-based provision for adults with no government announcement on increases to funding rates for the majority of adult skills programmes.
- The threat of increased competition from HE institutions and schools.
- Potential post-Brexit impact on student numbers and availability of European Social Funding (ESF).
- Availability of specific funding for increased Teachers' Pension Scheme employer's contribution rates.

This risk is mitigated in a number of ways:

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

## **WEST THAMES COLLEGE**

### **REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)**

#### **3. Tuition fee policy**

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

This risk is mitigated by:

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

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

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

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

#### **5. Failure to maintain adequate funding of pension liabilities**

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

6. 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.

## **GOING CONCERN**

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

The College had £7,623k (2019-20: £7,924k) of loans outstanding at 31 July 2021 with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 16 years. During the year, the College was notified of a technical breach of the Facility Agreement with Barclays as the overall reserves of the College (including pension liabilities and deferred capital grants) are negative. To remedy this breach, a Letter of Variation was signed in July 2021 which waived the rights of Barclays to enforce repayment on demand in return for the College delivering to the Bank a first legal charge over the freehold of the property at the Millennium and Atrium buildings located on the Isleworth campus. Additionally, the financial covenant relating to operational leverage was revised in line with Barclays' norm for the sector. The College's forecasts and financial projections indicate that it will be able to operate within the existing facility for the foreseeable future and make repayments as they fall due. The covenants are monitored regularly and the Corporation considers that these are not expected to be breached in the foreseeable future.

The College expects arrangements in the sector to continue to be challenging going forward due to inflationary pressures on costs, such as fuel price rises, and continuing uncertainty caused by COVID-19 which may still have an adverse impact on some income lines, including tuition fees, nursery fees and income from other commercial activities. The College has built up reserves and had net current assets of £3,034k at 31 July 2021 so is well-positioned to manage this. In addition, the College has a good track record of being able to realise cost savings to mitigate income reductions.

The Corporation undertakes regular review and monitoring of student numbers data and timely management accounts which include the current cash position, future cash flow projections, the College budgets and regularly updated forecasts, including financial returns submitted to the ESFA.

After making appropriate enquiries and considering factors likely to affect its future development and performance, the Corporation believes 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.

## WEST THAMES COLLEGE

### REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)

#### EVENTS AFTER THE REPORTING PERIOD

There are no post balance sheet events to report.

#### EQUALITY AND DIVERSITY

##### Equality

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.

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

The College is fully committed to improving how it recruits, retains and develops disabled staff. The College has been a certified 'Disability Confident Employer' since October 2016 and has successfully renewed this accreditation twice, extending certification until September 2023. The College had previously been accredited with the Positive about Disabled People "two ticks" disability symbol between 2005 and 2016.

##### Trade union facility time

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

| Numbers of employees who were relevant union officials during the relevant period | FTE employee number |
|---|---------------------|
| 4   | 3.62                |

| Percentage of time spent on facility time       | Number of employees |
|---|---------------------|
| 1-50%   | 4                   |
| Total cost of facility time                     | £5,379              |
| Total pay bill                                  | £9,816,636          |
| Percentage of total bill spent on facility time | 0.05%               |

|   |     |
|---|-----|
| Time spent on paid trade union activities as a percentage of total paid facility time | Nil |
|---|-----|

**WEST THAMES COLLEGE**

**REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2021 (cont.)**

**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 14 December 2021 and signed on its behalf by:**

A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish at the end.

**Simon Wilcox**  
Chair

## WEST THAMES COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2021

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

In the opinion of the members of the Corporation, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on August 2015.

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

#### The Corporation

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

| Name                        | Date(s) of Appointment   | Term of Office | Date of Resignation | Status of Appointment | Committees served at time of approving the Financial Statements | Attendance record for meetings in the academic year 01/08/21 to 31/07/22<br>Corporation      Audit |
|-----------------------------|--|----------------|---------------------|-----------------------|---|--|
| Mr Simon Wilcox (Chair)     | 15/10/14<br>re-appointed<br>15/10/18   | 4 years        |                     | External              | 2, 3, 5, 6  | 4/4  |
| Mr John Bolt                | 17/12/08;<br>re-appointed<br>17/12/12<br>17/12/16<br>Extended to<br>31/07/21 | 4 years        | 31/07/21            | External              | 2, 4  | 4/4  |
| Mr Tommy White (Vice Chair) | 07/02/12<br>re-appointed<br>07/02/16<br>Extended<br>to 31/07/21              | 4 years        | 31/07/21            | External              | 2, 3, 5, 6  | 4/4  |



## WEST THAMES COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2021

|  |  |            |                                    |            |     |     |
|--|--|------------|------------------------------------|------------|-----|-----|
| Ms Tracy Aust<br>(Chief Executive)                   | 01/04/16   | Ex officio | Principal                          | 3, 4, 5, 6 | 4/4 |     |
| Bruce Armstrong<br>(Vice Chair)                      | 01/08/14<br>re-appointed<br>01/08/18                 | 4 years    | External                           | 3, 4, 6    | 2/4 |     |
| Mr James Bryant                                      | 01/01/18   | 4 years    | External                           | 1, 3, 6    | 3/4 | 2/2 |
| Ms Charanjit Singh                                   | 01/08/10<br>re-<br>appointed<br>01/08/14<br>01/08/18 | 4 years    | External                           | 1, 3, 4    | 4/4 | 2/2 |
| Ms Barinder Sandhu                                   | 01/01/19   | 4 Years    | External                           | 2, 4, 6    | 4/4 |     |
| Mr Alex Luke<br>(Vice chair from<br>01/09/21)        | 11/12/19   | 4 Years    | External                           | 5          | 4/4 |     |
| Mr Adam Barke  | 01/07/20   | 4 Years    | External                           | 1          | 3/4 | 2/2 |
| Mr Rhys Gallagher                                    | 01/05/20   | 4 Years    | External                           | 1          | 3/4 | 1/2 |
| Ms Laura Weatherill                                  | 01/05/20   | 4 Years    | External                           | 4          | 4/4 |     |
| Ms Charlotte Callinan                                | 01/03/21   | 4 Years    | External                           | 3, 5       | 2/2 |     |
| Ms Maggie Halpin                                     | 24/03/21   | 4 Years    | 23/08/21 External                  | 4          | 2/2 |     |
| Mr Andy Smith  | 14/10/20   | 4 Years    | Staff<br>representative            | 4          | 4/4 |     |
| Mr William Tyrell                                    | 16/12/20   | 1 Year     | 31/07/21 Student<br>representative | 4          | 3/3 |     |
| Ms Lavanya Gomes                                     | 16/12/20   | 2 Year     | Student<br>representative          | 4          | 3/3 |     |
| Mr Zayd Haulkhory                                    | 13/10/20   | 1 year     | 31/07/21 Student<br>representative | 4          | N/A |     |
| Mr Jonathan Allen acts as a Clerk to the Corporation |  |            |                                    |            |     |     |

<sup>1</sup>Member of the Audit Committee, chaired by James Bryant

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

<sup>3</sup>Member of the Governance & Search Committee, chaired by Simon Wilcox

<sup>4</sup>Member of the Curriculum, Quality & Standards Committee, chaired by Bruce Armstrong

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

<sup>6</sup>Member of the Strategy & Business Development Committee, chaired by Simon Wilcox

As at 14 December 2021 there was one vacancy.

The Corporation has agreed a category of 'Associate Governor'. A key role of an associate member is to advise the Chair of the Corporation and the Chair of the Committee(s) that they are appointed to in their area of expertise. The term of office for an associate member to be 12 months subject to an annual re-appointment review. Associate members do not have voting rights but are encouraged to express their views to help inform decision-making.

The Corporation agreed to appoint Mr John Bolt as an Associate Member for the period 01 August 2021 to 31 July 2022 and for Mr Bolt to attend meetings of the Corporation and Curriculum, Quality & Standards Committee.

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

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

## **WEST THAMES COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2021**

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

West Thames College  
London Road Isleworth  
Middlesex  
TW7 4HS

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

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

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

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

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

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

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

Members of the Corporation are appointed for a term of office not exceeding four years. Appointments may be made for a shorter period if the Board deems it appropriate in the circumstances. Student members are appointed for one year.

#### **Corporation performance**

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

The Corporation played a highly effective role in strategic planning. Briefings at each Corporation meeting and good Governor links with curriculum areas ensured Corporation Members were sufficiently well-informed to be able to steer the educational character of the College. The Corporation in 2019-20 agreed the formation of a new Committee – the Strategy & Business Development Committee. The Committee has a key role in advising the Corporation on strategic matters.

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

The process for setting clear improvement targets which are systematically monitored is well established. In 2020-21 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.

## **WEST THAMES COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2021**

The Corporation carried out a self-assessment of its own performance for the year-ended 31 July 2021. The Corporation has agreed the following framework for the annual review of governance:

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

The Corporation agreed at its meeting on 14 December 2021 to award a self-assessment grade of 'Good' for governance.

#### **Remuneration Committee**

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

The Committee's responsibilities are to determine and agree the remuneration of holders of senior posts (i.e. the Principal) and the Clerk, and to report its decisions to the Board of Governors.

The terms of reference for the Committee confirm that the Committee will adhere to, and follow, the requirements of the Association of College's Senior Post Holders Remuneration Code. Details of remuneration for the year ended 31 July 2021 are set out in note 6 to the financial statements.

#### **Audit Committee**

The Audit Committee's Terms of Reference state that membership comprises of a minimum of three, and not exceeding five, members (excluding the Accounting Officer and Chair).

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

The Audit Committee meets on a termly basis with the exception of the March 2021 meeting due to the closure of the College arising from the Covid-19 pandemic. Agenda items due to be considered at that meeting were dealt with at the June 2021 meeting. The Committee provides a forum for reports from the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

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

#### **Internal Control**

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

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

## **WEST THAMES COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2021**

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

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Thames College for the year ended 31 July 2021 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 2021 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.

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

## WEST THAMES COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2021

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 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Executive Team and the internal auditor, and taking account of events since 31 July 2021.

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"*.

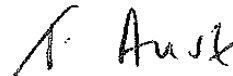
#### Going Concern

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 14 December 2021 and signed on its behalf by



**Simon Wilcox**  
Chair



**Tracy Aust**  
Accounting Officer

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

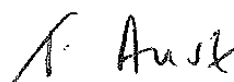
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with ESFA. As part of our consideration we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

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

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



Simon Wilcox  
Chair of Governors  
14 December 2021



Tracy Aust  
Accounting Officer  
14 December 2021

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

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

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

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

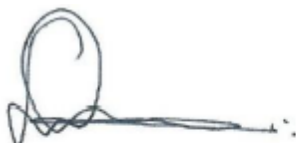
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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

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

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

**Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by:**



**Simon Wilcox**  
Chair

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

### **Opinion**

We have audited the financial statements of West Thames College (the 'College') for the year ended 31 July 2021 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its deficit of income under expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- In all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- In all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- The requirements of OfS's accounts direction have been met.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members of the Corporation with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters 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;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

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

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

### **Responsibilities of the Corporation**

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are 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 members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Corporation are 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 members of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and

- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.

### **Use of our report**

This report is made solely to the College's members, 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 College's members 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 College's members as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

17 December 2021

## **REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY**

**To: The corporation of West Thames College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)**

In accordance with the terms of our engagement letter dated 6 June 2017 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by West Thames College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

### **Respective responsibilities 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that 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 2020 to 31 July 2021 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 by the ESFA. 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 corporation'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 the areas identified through the risk assessment 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.

## 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 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

A handwritten signature in cursive script, appearing to read 'Buzzacott LLP'.

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL  
17 December 2021

**WEST THAMES COLLEGE**

**STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE**

**FOR THE YEAR ENDED 31 JULY 2021**

|  | <b>Notes</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|--|--------------|-----------------------|-----------------------|
| <b>INCOME</b>  |              |                       |                       |
| Funding body grants  | 2            | 16,533                | 15,832                |
| Tuition fees and education contracts                           | 3            | 2,891                 | 3,044                 |
| Other income   | 4            | 1,128                 | 1,181                 |
| Investment Income  | 5            | 3                     | 25                    |
| <b>Total income</b>  |              | <b><u>20,555</u></b>  | <b><u>20,082</u></b>  |
| <b>EXPENDITURE</b>   |              |                       |                       |
| Staff costs  | 6            | 13,458                | 12,548                |
| Fundamental restructuring and other costs                      | 6            | -                     | 28                    |
| Other operating expenses                                       | 7            | 4,748                 | 4,746                 |
| Depreciation   | 10           | 2,276                 | 2,295                 |
| Interest and other finance costs                               | 8            | 739                   | 806                   |
| <b>Total expenditure</b>                                       |              | <b><u>21,221</u></b>  | <b><u>20,423</u></b>  |
| <b>Deficit before other gains and losses and taxation</b>      |              | <b>(666)</b>          | <b>(341)</b>          |
| Taxation   |              | -                     | -                     |
| <b>Deficit for the year</b>                                    |              | <b><u>(666)</u></b>   | <b><u>(341)</u></b>   |
| Actuarial gain or (loss) in respect of pensions schemes        | 18           | 1,781                 | (5,199)               |
| <b>Total Comprehensive Income / (Expenditure) for the year</b> |              | <b><u>1,115</u></b>   | <b><u>(5,540)</u></b> |

**WEST THAMES COLLEGE**

**STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31 JULY 2021**

|   | <b>Income and<br/>Expenditure<br/>account<br/>£'000</b> | <b>Revaluation<br/>reserve<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|---|--|------------------------|
| <b>Balance at 1 August 2019</b>                                   | <b>(7,616)</b>  | <b>3,000</b>                             | <b>(4,616)</b>         |
| Deficit from the income and expenditure account                   | (341)   | -  | (341)                  |
| Other comprehensive income  | (5,199)   | -  | (5,199)                |
| Transfers between revaluation and income and expenditure reserves | 32  | (32)                                     | -                      |
| <b>Total comprehensive expenditure for the year</b>               | <b>(5,508)</b>  | <b>(32)</b>                              | <b>(5,540)</b>         |
| <b>Balance at 31 July 2020</b>                                    | <b>(13,124)</b>   | <b>2,968</b>                             | <b>(10,156)</b>        |
| Deficit from the income and expenditure account                   | (666)   | -  | (666)                  |
| Other comprehensive income  | 1,781   | -  | 1,781                  |
| Transfers between revaluation and income and expenditure reserves | 32  | (32)                                     | -                      |
| <b>Total comprehensive income for the year</b>                    | <b>1,147</b>  | <b>(32)</b>                              | <b>1,115</b>           |
| <b>Balance at 31 July 2021</b>                                    | <b>(11,977)</b>   | <b>2,936</b>                             | <b>(9,041)</b>         |

**WEST THAMES COLLEGE**

**BALANCE SHEET AS AT 31 JULY 2021**

|   | Notes  | 2021<br>£'000         | 2020<br>£'000          |
|---|--------|-----------------------|------------------------|
| <b>Fixed assets</b>   |        |                       |                        |
| Tangible fixed assets   | 10     | <u>60,332</u>         | <u>62,032</u>          |
| <b>Current assets</b>   |        |                       |                        |
| Stocks  |        | 11                    | 8                      |
| Trade and other receivables   | 12     | 635                   | 656                    |
| Investments   | 13     | 2,000                 | 2,000                  |
| Cash and cash equivalents   | 14     | 4,844                 | 2,816                  |
| Total current assets  |        | <u>7,490</u>          | <u>5,480</u>           |
| <b>Less: Creditors – amounts falling due within one year</b>          | 15     | (4,456)               | (3,643)                |
| <b>Net current assets</b>   |        | <u>3,034</u>          | <u>1,837</u>           |
| <b>Total assets less current liabilities</b>                          |        | <b>63,366</b>         | <b>63,869</b>          |
| <b>Less: Creditors – amounts falling due after more than one year</b> | 16     | <b>(49,757)</b>       | <b>(50,611)</b>        |
| <b>Provisions</b>   |        |                       |                        |
| Defined benefit obligations   | 18, 23 | (20,467)              | (21,199)               |
| Other provisions  | 18     | (2,183)               | (2,215)                |
| <b>TOTAL NET LIABILITIES</b>  |        | <u><b>(9,041)</b></u> | <u><b>(10,156)</b></u> |
| <b>Unrestricted reserves</b>  |        |                       |                        |
| Income and expenditure account  |        | (11,977)              | (13,124)               |
| Revaluation reserve   |        | 2,936                 | 2,968                  |
| <b>TOTAL RESERVES</b>   |        | <u><b>(9,041)</b></u> | <u><b>(10,156)</b></u> |

The financial statements on pages 24 to 45 were approved and authorised for issue by the Corporation on 14 December 2021 and were signed on its behalf on that date by:



**Simon Wilcox**  
Chair



**Tracy Aust**  
Accounting Officer

**WEST THAMES COLLEGE**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 JULY 2021**

|  | Notes | 2021<br>£'000 | 2020<br>£'000 |
|--|-------|---------------|---------------|
| <b>Cash inflow from operating activities</b>             |       |               |               |
| Deficit for the year                                     |       | (666)         | (341)         |
| <b>Adjustment for non cash items</b>                     |       |               |               |
| Depreciation   |       | 2,276         | 2,295         |
| Deferred capital grants released to income               |       | (1,198)       | (1,207)       |
| Deferred capital grants received                         |       | 662           | -             |
| Increase in stocks                                       |       | (3)           | (3)           |
| Decrease in debtors                                      |       | 21            | 54            |
| Increase / (decrease) in creditors due within one year   |       | 796           | (39)          |
| Decrease in provisions                                   |       | (95)          | (92)          |
| Pensions costs less contributions payable                |       | 782           | 392           |
| <b>Adjustment for investing or financing activities</b>  |       |               |               |
| Investment income  |       | (3)           | (25)          |
| Interest payable   |       | 739           | 806           |
| <b>Net cash flow from operating activities</b>           |       | <u>3,311</u>  | <u>1,840</u>  |
| <b>Cash flows from investing activities</b>              |       |               |               |
| Investment income  |       | 3             | 25            |
| Withdrawn deposits                                       |       | -             | 1,100         |
| Payments made to acquire fixed assets                    |       | (576)         | (685)         |
|  |       | <u>(573)</u>  | <u>440</u>    |
| <b>Cash flows from financing activities</b>              |       |               |               |
| Interest paid  |       | (409)         | (426)         |
| Repayments of amounts borrowed                           |       | (301)         | (286)         |
|  |       | <u>(710)</u>  | <u>(712)</u>  |
| <b>Increase in cash and cash equivalents in the year</b> |       | <u>2,028</u>  | <u>1,568</u>  |
| Cash and cash equivalents at beginning of the year       | 14    | 2,816         | 1,248         |
| Cash and cash equivalents at end of the year             | 14    | 4,844         | 2,816         |



**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 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* 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, including the potential impact of COVID-19, are set out in the Members' Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £7,623k of a loan outstanding with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 17 years. This is a 25 year fixed rate loan. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future and make repayments as they fall due.

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

**Recognition of income**

*Revenue grant funding*

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

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

*Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

*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 funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Accounting for post-employment benefits**

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

*Teachers' Pension Scheme (TPS)*

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

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

*Hounslow Local Government Pension Scheme (LGPS)*

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

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

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

**1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

**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*

Freehold buildings inherited from the Local Authority (LA) and buildings acquired since incorporation are stated in the balance sheet at Net Book Valuation as the open market value for existing use is not readily obtainable.

Land and buildings acquired and building improvements since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

*Leasehold improvements*

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

*Subsequent expenditure on existing fixed assets*

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

*Equipment*

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

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

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

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

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

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

**Borrowing costs**

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

**Leased assets**

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

**Stocks**

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

**Cash and cash equivalents**

Cash includes cash in hand as well as accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

**Financial liabilities**

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

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

**Foreign currency translation**

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

**Taxation**

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

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

purposes.

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

**Provisions and contingent liabilities**

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

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

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

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

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

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

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

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. 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. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2021. 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 2021

#### 2 FUNDING COUNCIL GRANTS

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| <b>Recurrent grants</b>  |               |               |
| Education and Skills Funding Agency – Adult Education Budget   | 320           | 334           |
| Education and Skills Funding Agency – 16 to 19 Revenue Funding | 11,286        | 10,571        |
| Education and Skills Funding Agency – Apprenticeships          | 130           | 212           |
| Education and Skills Funding Agency – Other Income             | 34            | 84            |
| Greater London Authority (GLA) – Adult Education Budget        | 3,124         | 3,063         |
| Office for Students  | 101           | 117           |
| <b>Specific grants</b>   |               |               |
| Teachers' Pension Scheme contribution grant                    | 306           | 290           |
| Releases of government capital grants                          | 1,152         | 1,162         |
| ESFA COVID-19 testing  | 40            | -             |
| GLA COVID-19 Response Fund Strand 2 project                    | 40            | -             |
| <b>Total</b>   | <b>16,533</b> | <b>15,832</b> |

During the year a one-off £40k grant was received from ESFA to meet costs of COVID-19 rapid testing.

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| <b>Disclosure requirement for OfS registered colleges*</b>         |               |               |
| Grant income from the Office for Students - direct funding         | 101           | 117           |
| Grant income from the Office for Students - HE Franchise provision | 120           | 138           |
| Grant income from other bodies                                     | 7             | 7             |
| Fee income for taught awards (exclusive of VAT)                    | 304           | 411           |
| Fee income for non-qualifying courses                              | 70            | 72            |
| <b>Total</b>   | <b>602</b>    | <b>745</b>    |

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

#### 3 TUITION FEES AND EDUCATION CONTRACTS

|                                    | 2021<br>£'000 | 2020<br>£'000 |
|------------------------------------|---------------|---------------|
| Adult education fees               | 247           | 346           |
| Fees for FE loan supported courses | 330           | 469           |
| Fees for HE loan supported courses | 302           | 401           |
| International students fees        | 2             | 10            |
| Total tuition fees                 | 881           | 1,226         |
| Education contracts                | 2,009         | 1,818         |
| <b>Total</b>                       | <b>2,891</b>  | <b>3,044</b>  |

# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

### 4 OTHER INCOME

|   |               | Re-stated for<br>comparison |
|---|---------------|-----------------------------|
|   | 2021<br>£'000 | 2020<br>£'000               |
| Catering & Residences                       | 349           | 386                         |
| Other income generating activities          | 415           | 460                         |
| Miscellaneous income                        | 318           | 254                         |
| Releases of other Government capital grants | 46            | 45                          |
| Coronavirus Job Retention Scheme grant      | -             | 36                          |
| <b>Total</b>                                | <b>1,128</b>  | <b>1,181</b>                |

In 2020, the Corporation furloughed 13 staff within the College Nursery under the government's Coronavirus Job Retention Scheme (CJRS). The funding of £36k received relates to staff costs noted as appropriate.

No staff were furloughed in 2021 and no CJRS funds were received.

### 5 INVESTMENT INCOME

|                     | 2021<br>£'000 | 2020<br>£'000 |
|---------------------|---------------|---------------|
| Interest receivable | 3             | 25            |
| <b>Total</b>        | <b>3</b>      | <b>25</b>     |

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 6 STAFF COSTS

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

|                    | 2021<br>No. | 2020<br>No. |
|--------------------|-------------|-------------|
| Teaching staff     | 119         | 114         |
| Non teaching staff | 161         | 165         |
| <b>Total</b>       | <b>280</b>  | <b>279</b>  |

#### Staff costs for the above persons

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Wages and salaries                                | 7,456         | 7,367         |
| Social security costs                             | 689           | 686           |
| Other pension costs                               | 2,454         | 1,889         |
| Payroll subtotal                                  | 10,599        | 9,942         |
| Contracted out staffing services                  | 2,859         | 2,606         |
|   | 13,458        | 12,548        |
| Fundamental restructuring costs - contractual     | -             | -             |
| Fundamental restructuring costs - non-contractual | -             | 28            |
| <b>Total</b>                                      | <b>13,458</b> | <b>12,576</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 Executive Team comprising the Principal, Vice Principal - Curriculum & Quality, Executive Director - Finance, HR & Development and Executive Director - Resources & Student Experience.

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

|  | 2021<br>No. | 2020<br>No. |
|--|-------------|-------------|
| The number of key management personnel including the Accounting Officer was: | 4           | 4           |

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

|                           | Senior post-holders |             | Other staff |             |
|---------------------------|---------------------|-------------|-------------|-------------|
|                           | 2021<br>No.         | 2020<br>No. | 2021<br>No. | 2020<br>No. |
| £65,001 to £70,000 p.a.   | -                   | 1           | -           | -           |
| £70,001 to £75,000 p.a.   | -                   | 2           | -           | -           |
| £75,001 to £80,000 p.a.   | 3                   | -           | -           | -           |
| £130,001 to £135,000 p.a. | 1                   | 1           | -           | -           |
| <b>Total</b>              | <b>4</b>            | <b>4</b>    | <b>-</b>    | <b>-</b>    |



# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

### 6 STAFF COSTS (continued)

Key management personnel compensation is made up as follows:

|                               | 2021<br>£'000     | 2020<br>£'000     |
|-------------------------------|-------------------|-------------------|
| Basic salary                  | 325               | 346               |
| Employer's National Insurance | 41                | 43                |
|                               | <u>366</u>        | <u>389</u>        |
| Pension contributions         | 56                | 57                |
| <b>Total</b>                  | <b><u>422</u></b> | <b><u>446</u></b> |

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

|                                  | 2021<br>£'000     | 2020<br>£'000     |
|----------------------------------|-------------------|-------------------|
| Basic salary                     | 132               | 130               |
| Other including benefits in kind | -                 | -                 |
| Pension contributions            | 31                | 30                |
| <b>Total</b>                     | <b><u>163</u></b> | <b><u>160</u></b> |

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

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

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

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

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Principal's basic salary as a multiple of the median of all staff               | 5.61          | 5.44          |
| Principal and CEO's total remuneration as a multiple of the median of all staff | 5.66          | 5.66          |

# WEST THAMES COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

### 7 OTHER OPERATING EXPENSES

|                    | 2021<br>£'000 | 2020<br>£'000 |
|--------------------|---------------|---------------|
| Teaching costs     | 340           | 300           |
| Non teaching costs | 2,621         | 2,816         |
| Premises costs     | 1,787         | 1,630         |
| <b>Total</b>       | <b>4,748</b>  | <b>4,746</b>  |

### Other operating expenses include:

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Auditors' remuneration:  |               |               |
| - Financial statements audit                                   | 38            | 33            |
| - Internal audit   | 21            | 18            |
| - Other services provided by the financial statements auditors | 2             | 2             |
| Hire of assets under operating leases                          | 112           | 109           |

### 8 INTEREST PAYABLE

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| On bank loans, overdrafts and other loans:          | 409           | 426           |
| Net interest on defined pension liability (note 23) | 301           | 341           |
| Enhanced pension finance costs                      | 29            | 39            |
| <b>Total</b>  | <b>739</b>    | <b>806</b>    |

### 9 TAXATION

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

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 10 TANGIBLE FIXED ASSETS

|                                       | Land and buildings<br>Freehold | Long<br>Leasehold | Equipment<br>& Vehicles | Total         |
|---------------------------------------|--------------------------------|-------------------|-------------------------|---------------|
|                                       | £'000                          | £'000             | £'000                   | £'000         |
| <b>Cost or valuation</b>              |                                |                   |                         |               |
| At 1 August 2020                      | 72,234                         | 5,708             | 8,133                   | 86,075        |
| Additions                             | 260                            | -                 | 316                     | 576           |
| <b>At 31 July 2021</b>                | <b>72,494</b>                  | <b>5,708</b>      | <b>8,449</b>            | <b>86,651</b> |
| <b>Depreciation</b>                   |                                |                   |                         |               |
| At 1 August 2020                      | 15,659                         | 1,453             | 6,931                   | 24,043        |
| Charge for the year                   | 1,476                          | 212               | 587                     | 2,276         |
| <b>At 31 July 2021</b>                | <b>17,135</b>                  | <b>1,665</b>      | <b>7,518</b>            | <b>26,319</b> |
| <b>Net book value at 31 July 2021</b> | <b>55,358</b>                  | <b>4,043</b>      | <b>931</b>              | <b>60,332</b> |
| Net book value at 31 July 2020        | 56,575                         | 4,255             | 1,202                   | 62,032        |

#### 11 NON-CURRENT INVESTMENTS

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

#### 12 TRADE AND OTHER RECEIVABLES

|                                      | 2021<br>£'000 | 2020<br>£'000 |
|--------------------------------------|---------------|---------------|
| Amounts falling due within one year: |               |               |
| - Trade receivables                  | 207           | 163           |
| - Prepayments and accrued income     | 428           | 493           |
| <b>Total</b>                         | <b>635</b>    | <b>656</b>    |

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

#### 13 CURRENT INVESTMENTS

|                            | 2021<br>£'000 | 2020<br>£'000 |
|----------------------------|---------------|---------------|
| <b>Short term deposits</b> | <b>2,000</b>  | <b>2,000</b>  |

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

**WEST THAMES COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021**

**14 CASH AND CASH EQUIVALENTS**

|                           | <b>At 1 August<br/>2020<br/>£'000</b> | <b>Cash flows<br/>£'000</b> | <b>At 31 July<br/>2021<br/>£'000</b> |
|---------------------------|---------------------------------------|-----------------------------|--------------------------------------|
| Cash and cash equivalents | 2,816                                 | 2,028                       | 4,844                                |
| <b>Total</b>              | <b><u>2,816</u></b>                   | <b><u>2,028</u></b>         | <b><u>4,844</u></b>                  |

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Bank loans (note 17)                        | 321                   | 296                   |
| Trade payables                              | 733                   | 683                   |
| Other taxation and social security          | 343                   | -                     |
| Accruals and deferred income                | 940                   | 986                   |
| Deferred income - government capital grants | 1,198                 | 1,206                 |
| Amounts owed to the ESFA                    | 921                   | 472                   |
| <b>Total</b>                                | <b><u>4,456</u></b>   | <b><u>3,643</u></b>   |

**16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

|   | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Bank loans (note 17)                        | 7,302                 | 7,628                 |
| Deferred income - government capital grants | 42,456                | 42,983                |
| <b>Total</b>                                | <b><u>49,758</u></b>  | <b><u>50,611</u></b>  |

The bank loan relates to an agreed 25-year fixed-term 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. Negotiations are ongoing for the College to provide Barclays with a first legal charge over the Millennium and Atrium Buildings as security for the loan.

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 17 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

|                            | 2021<br>£'000 | 2020<br>£'000 |
|----------------------------|---------------|---------------|
| In one year or less        | 321           | 296           |
| Between one and two years  | 338           | 312           |
| Between two and five years | 1,122         | 1,037         |
| In five years or more      | 5,842         | 6,279         |
| <b>Total</b>               | <b>7,623</b>  | <b>7,924</b>  |

#### 18 PROVISIONS

|  | Defined<br>benefit<br>obligations<br>£'000 | Enhanced<br>pensions<br>£'000 | Total<br>£'000 |
|--|--|-------------------------------|----------------|
| At 1 August 2020                                 | 21,199                                     | 2,215                         | 23,414         |
| Expenditure in the period                        | (856)                                      | (95)                          | (951)          |
| Transferred from income and expenditure account: |  |                               |                |
| - Actuarial (gain) loss                          | (1,815)                                    | 34                            | (1,781)        |
| - Other  | 1,939                                      | 29                            | 1,968          |
| <b>At 31 July 2021</b>                           | <b>20,467</b>                              | <b>2,183</b>                  | <b>22,650</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 employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

#### 19 CAPITAL AND OTHER COMMITMENTS

Contracted capital commitments as at 31 July 2021 were £1,148k (2020: £nil)

#### 20 LEASE OBLIGATIONS

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

##### Land and Buildings

The College has a lease arrangement with London Borough of Hounslow for the Skills + Logistics Centre site to 2026. Both parties have agreed in principle to extend this further to 2047. The principal term of the current lease is a 15-year tenure which commenced in April 2011 of which the first ten years are rent free and then revert to a rack rent for the remaining years. The lease is currently being negotiated and a provision for rent costs is being accrued from April 2021 onwards at a rate of £128k plus VAT, this being the highest of the recorded rates previously under consideration.

| Other   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Not later than one year                           | 6             | 7             |
| Later than one year and not later than five years | 11            | 13            |
| Later than five years                             | 1             | 2             |
|   | <b>18</b>     | <b>22</b>     |

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 21 CONTINGENT LIABILITIES

The Corporation is not aware of any such liabilities (2020: none).

#### 22 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period

#### 23 DEFINED BENEFIT OBLIGATIONS

| Total pension cost for the year                 | 2021<br>£'000       | 2020<br>£'000       |
|---|---------------------|---------------------|
| Teachers Pension Scheme: contributions paid     | 816                 | 761                 |
| Local Government Pension Scheme:                |                     |                     |
| - Contributions paid                            | 856                 | 736                 |
| - FRS 102 (28) charge                           | <u>782</u>          | <u>392</u>          |
| Charge to the Statement of Comprehensive Income | 1,638               | 1,128               |
| <b>Total pension cost for year</b>              | <b><u>2,454</u></b> | <b><u>1,889</u></b> |

Superannuation on-cost contributions amounting to £116k (2020: £115k) payable to the schemes as at 31 July, were paid at the close of 31 August 2021

#### Teachers' Pension Scheme

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £816,000 (2020: £761,000)

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 23 DEFINED BENEFIT OBLIGATIONS (continued)

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hounslow Local Authority. The total contributions made for the year ended 31 July 2021 were £1,047k, of which employer's contributions totalled £856k and employees' contributions totalled £191k. The agreed contribution rates for future years are 18.8% for the College and range from 5.5% to 12.5% for employees, depending on salary.

##### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

|                                      | At 31 July<br>2021 | At 31 July<br>2020 |
|--------------------------------------|--------------------|--------------------|
| Rate of increase in salaries         | 3.80%              | 3.25%              |
| Future pensions increases            | 2.80%              | 2.25%              |
| Discount rate for scheme liabilities | 1.60%              | 1.35%              |
| Inflation assumption (CPI)           | 2.80%              | 1.45%              |
| Commutation of pensions to lump sums | 50%                | 50%                |

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

|                      | At 31 July<br>2021<br>Years | At 31 July<br>2020<br>Years |
|----------------------|-----------------------------|-----------------------------|
| Retiring today       |                             |                             |
| - Males              | 21.4                        | 21.3                        |
| - Females            | 24.0                        | 23.9                        |
| Retiring in 20 years |                             |                             |
| - Males              | 22.9                        | 22.8                        |
| - Females            | 25.6                        | 25.5                        |

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 23 DEFINED BENEFIT OBLIGATIONS (continued)

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

|  | Fair Value at<br>31 July 2021<br>£'000 | Fair Value at<br>31 July 2020<br>£'000 |
|--|--|--|
| Equities                               | 15,213                                 | 12,746                                 |
| Gilts                                  | 1,096                                  | 950                                    |
| Bonds                                  | 2,515                                  | 2,382                                  |
| Property                               | 977                                    | 932                                    |
| Absolute return portfolio              | 3,777                                  | 3,622                                  |
| Cash                                   | 263                                    | 344                                    |
| <b>Total fair value of plan assets</b> | <b>23,841</b>                          | <b>20,976</b>                          |
| <b>Interest on plan assets</b>         | 282                                    | 442                                    |
| <b>Actual return on plan assets</b>    | <b>3,014</b>                           | <b>(93)</b>                            |

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

|  | 2021<br>£'000   | 2020<br>£'000   |
|--|-----------------|-----------------|
| Fair value of plan assets              | 23,841          | 20,976          |
| Present value of plan liabilities      | (44,308)        | (42,175)        |
| <b>Net pension liability (Note 18)</b> | <b>(20,467)</b> | <b>(21,199)</b> |

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

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| <b>Amounts included in staff costs</b> |               |               |
| Current service cost                   | 1,638         | 1,128         |
| <b>Total</b>                           | <b>1,638</b>  | <b>1,128</b>  |

#### Amounts included in interest payable

|   |            |            |
|---|------------|------------|
| Net interest cost including admin costs | 301        | 341        |
|   | <b>301</b> | <b>341</b> |

#### Amounts recognised in Other Comprehensive Income

|   |              |                |
|---|--------------|----------------|
| Return on pension plan assets   | 2,732        | (535)          |
| Changes in demographic assumptions                                      | 588          | 285            |
| Experience losses arising on defined benefit obligations                | 865          | 755            |
| Changes in assumptions underlying the present value of plan liabilities | (2,370)      | (5,318)        |
| Other actuarial losses on assets  | -            | (89)           |
| <b>Amount recognised in Other Comprehensive Income</b>                  | <b>1,815</b> | <b>(4,902)</b> |



**WEST THAMES COLLEGE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021**

**23 DEFINED BENEFIT OBLIGATIONS (continued)**

**Movement in net defined benefit liability during the year**

|  | <b>2021</b>            | <b>2020</b>            |
|--|------------------------|------------------------|
|  | <b>£'000</b>           | <b>£'000</b>           |
| Deficit in scheme at 1 August 2020                     | (21,199)               | (15,564)               |
| Movement in year:                                      |                        |                        |
| Current service cost                                   | (1,638)                | (1,128)                |
| Employer contributions                                 | 856                    | 736                    |
| Net interest on the defined (liability)                | (301)                  | (341)                  |
| Actuarial gain or (loss)                               | 1,815                  | (4,902)                |
| <b>Net defined benefit (liability) at 31 July 2021</b> | <b><u>(20,467)</u></b> | <b><u>(21,199)</u></b> |

**Asset and Liability Reconciliation**

**Changes in the present value of defined benefit obligations**

|   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| <b>Defined benefit obligations at start of period</b> | <b>42,175</b>        | <b>36,498</b>        |
| Current Service cost                                  | 1,638                | 1,128                |
| Interest cost   | 563                  | 761                  |
| Contributions by Scheme participants                  | 191                  | 187                  |
| Changes in financial assumptions                      | 2,370                | 5,318                |
| Changes in demographic assumptions                    | (588)                | (285)                |
| Experience gain on defined benefit obligation         | (865)                | (755)                |
| Estimated benefits paid net of transfers in           | (1,176)              | (677)                |
| <b>Defined benefit obligations at end of period</b>   | <b><u>44,308</u></b> | <b><u>42,175</u></b> |

**Changes in fair value of plan assets**

|   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| <b>Fair value of plan assets at start of period</b> | <b>20,976</b>        | <b>20,934</b>        |
| Interest on plan assets                             | 282                  | 442                  |
| Return on plan assets                               | 2,732                | (535)                |
| Administration expenses                             | (20)                 | (22)                 |
| Other Actuarial losses                              | -                    | (89)                 |
| Employer contributions                              | 856                  | 736                  |
| Contributions by Scheme participants                | 191                  | 187                  |
| Estimated benefits paid                             | (1,176)              | (677)                |
| <b>Fair value of plan assets at end of period</b>   | <b><u>23,841</u></b> | <b><u>20,976</u></b> |

## WEST THAMES COLLEGE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

#### 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 (2020 - £Nil).

Expenses of £nil were paid to or on behalf of the Corporation members during the year (2020: £313).

Other than the Accounting Officer and staff representatives, no Corporation member has received any remuneration or waived payments from the College (2020: Nil).

#### 25 AMOUNTS DISBURSED AS AGENTS - LEARNER SUPPORT FUNDS

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| 16-19 bursary funding                                | 263           | 330           |
| Other funding body grants                            | 263           | 170           |
|  | <b>526</b>    | <b>500</b>    |
| Disbursed to students                                | (264)         | (383)         |
| Administration costs                                 | (10)          | (14)          |
| Balance unspent as at 31 July, included in creditors | <b>252</b>    | <b>103</b>    |

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. Any amounts due back to the funding bodies are included within creditors and the corresponding balance within cash at bank in the balance sheet.