United Colleges Group

Annual Report and Consolidated Financial Statements
For the Year Ended 31 July 2020

Key management personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2019-20:

Mr. Keith Cowell	Chief Executive Officer and Accounting Officer (to 31-Aug-2019)
Mr. Nick Bell	Chief Executive Officer and Accounting Officer (from 1-Sep-2019)
Mrs. Amanda Thorneycroft	Chief Financial Officer
Mr. Stephen Davis	Group Principal

Director of Governance

Miss. Zoë Lawrence

Board of Governors

A full list of Governors is given on pages 16 to 17 of these financial statements.

Professional advisers

Financial statements and regularity auditor:
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditor:
BDO LLP
55 Baker Street
London
W1U 7EU

Bankers:
Natwest Bank PLC
Kilburn High Road (B) Branch
127 Kilburn High Road
London
NW6 6JL

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Solicitors:
Eversheds
Senator House
85 Queen Victoria Street
London
EC4 4J

Contents

Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

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

United Colleges Group was formed from the merger of City of Westminster College and the College of North West London on 1 August 2017. It is a single legal entity and throughout this report will be referred to as the 'College' unless otherwise stated. The brands of City of Westminster College and College of North West London continue to be used, as these are recognised in their respective localities.

The College has a wholly owned subsidiary called CWC Enterprises Limited. The company is limited by shares and is registered in England and Wales (Company Registration Number 0292440). Its principal activity is letting facilities and ancillary services. Throughout this report the College and subsidiary combined will be referred to as the 'Group' unless otherwise stated.

Mission

The College's mission, as approved by the Corporation Members, is:

"To deliver outstanding, world class education and skills"

Values

The six key values that are important to the College's students, staff and partners are:

Student-focused
Transparent
Ambitious
Inclusive
Respectful
Supportive

Together these values form the STAIRS that help the College support everyone in its learning community to reach their aspirations.

Public Benefit

United Colleges Group is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 16 to 17.

Report of the Governing Body (continued)

In accordance with the English Colleges' Code of Governance for Colleges, and the Charity Commission's guidance, being accountable to learners, to the wider community it serves, and to wider stakeholders, the United Colleges Group's Public Values Statement sets out how it fulfils this public benefit responsibility.

The United Colleges Group's mission is to deliver outstanding, world class education and skills. The Group's values are to be student focussed, transparent, ambitious, inclusive, respectful and supportive. In delivering its mission, the Group provides the following identifiable public benefits through the advancement of education:

- Delivery of outstanding teaching, learning and assessment.
- Provision of a broad and enriching programme of learning opportunities focused on helping students acquire essential work experience and employability skills.
- Embracing the diversity and achievement of every individual to ensure that they are valued and respected.
- Responding to the needs of our local communities to bridge the gap to employment for adults and young people who are NEET (Not in Education, Employment or Training).
- Promotion and active support of volunteering in the local community.

The College offers education and training in many vocational areas at a variety of levels for a wide range of learners of all ages and starting points. Sector specialisms include Business & Accountancy, Construction, Engineering, IT, Computing, Public Services, Science, Sport, Creative & Digital Industries and Provision for Learners with High Needs.

The College has extensive and effective employer links with SMEs and key employers in London and nationally, including: Transport for London, Skanska, Mace, United Biscuits, Arup, Atkins, Ringway Jacobs Ltd, and McLaren. The College has the capacity to respond effectively to the skills needs of London, and to deliver on national contracts.

Strategic aims

The Corporation approves strategic aims for the College which are supported by detailed business plans which are reviewed and updated annually. The Corporation monitors the performance of the College against these plans. The strategic aims in place for 2019-20 were:

- To have the highest achievement rates in London;
- To ensure all students have an excellent experience and achieve their potential;
- To actively promote equality and diversity and oppose discrimination;
- Maintaining an independent financially strong and sustainably viable college group;
- To have high performing and motivated staff;
- To work effectively with all of our external stakeholders.

Report of the Governing Body (continued)

Under the strategic aim ‘maintaining an independent financially strong and sustainably viable college group’ a number of financial objectives were set. Progress against these objectives has been monitored by Governors throughout the year and progress can be summarised as follows:

a) Generate a positive cash flow together with annual operating surpluses.

The negative impact of the Covid-19 pandemic on the income streams of the College resulted in an operating deficit of £970,000. Despite this, the College generated a positive operational cash flow of £3,398,000 which was used to service debt and make significant capital investments in both College IT infrastructure and the College’s Wembley Park Campus redevelopment project.

b) Reduce the dependency of the College on core funding by growing alternative sources of income.

Despite a strong start in the first seven months of the year, the Covid-19 pandemic resulted in the College reducing or withdrawing from some of its commercial activities. Areas impacted included the Cockpit Theatre, College lettings, and the delivery of some full cost recovery courses.

c) To establish new strategic partnerships that will directly and positively impact on the range and quality of our provision.

UCG continues to build on the ‘Flagship College’ status awarded by Microsoft. In March, the College responded quickly to the Covid-19 pandemic by moving its provision on-line and in doing so maximised the use of the Microsoft suite of products in continuing to provide effective learning and communication between students and staff.

In addition, close relationships are maintained with the Local Authorities where the College operates, with Westminster, Brent and Camden taking an active part in supporting UCG projects.

d) To further develop systems and infrastructure to ensure that maximum resource is focused on offering the best possible service to all our students and staff.

The College is progressing an ambitious property strategy which will bring all College campuses up to a high quality, modern standard.

The College also continues to invest heavily in its IT infrastructure. Following a £1m investment in its virtual network in 2018-19, the College undertook an extensive project in 2019-20 to migrate all staff and students onto one active directory, improving access and speed of College systems.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College also undertakes sector benchmarking analysis, particularly against other large urban and London Colleges, on a regular basis. In January, the College returns an Integrated Financial Model for Colleges to the ESFA. This provides a two year forecast and a Financial Health grading. The College’s Financial Health grading has been confirmed by the ESFA as ‘Outstanding’ for 2018-19 and is anticipated to be ‘Good’ for 2019-20. In addition the Corporation has additional targets for the College which are monitored during the year.

Report of the Governing Body (continued)

FINANCIAL POSITION:

Financial results

The Group (the College and its subsidiary CWC Enterprises Limited) generated a deficit before other gains and losses of £2,763,000 for the year (2018-19 deficit £1,943,000), with a total comprehensive deficit of £17,574,000 (2018-19 surplus £8,603,000). Before exceptional items (i.e. pension and disposal of asset adjustments) the Group made an operating deficit of £970,000 (2018-19 surplus £264,000).

At 31 July 2020, the Group had positive accumulated income and expenditure reserves of £37.166m (excluding the LGPS defined benefit pension scheme obligations) compared with £38.319m at 31 July 2019.

Tangible fixed asset additions during the year amounted to £2.137m which consisted of professional fees in relation to the development of the new Wembley Park Campus, along with equipment purchases across the College.

The College has significant reliance on the education sector funding bodies for its principal funding sources, largely from recurrent grants. In 2019-20, the funding bodies provided 92% of the College's total income (2018-19 90%).

The College has a wholly owned subsidiary company, CWC Enterprises Limited. The principal activities of CWC Enterprises Limited are the management of the College's lettings revenues and the running of commercial activities of the College's Cockpit Theatre. In the current year CWC Enterprises Limited incurred a deficit of £173,000 (2018-19 a surplus of £22,000). This deficit was incurred largely as a result of commercial activities having to be suspended due to the Covid-19 pandemic.

Staff restructuring

The College continues to respond to changing Government funding by achieving best use of its teaching and support service delivery. This year rationalisation and efficiencies resulted in the loss of seven staff and redundancy costs amounting to £86,000 (2018-19 loss of 21 staff at a cost of £231,000).

Treasury policies and objectives

Treasury management is the management of the College's cashflows, 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 working capital purposes is authorised by the CEO. All other borrowing requires the approval of the Corporation and complies with the requirements of the Financial Memorandum.

Cash flows

The operating cash inflow for the Group at £3.399m for the year (2018-19 £4.221m) was strong. Major cash outflows consisted of the servicing of the College's long term loans and capital expenditure on the College's Wembley Park Campus redevelopment.

Report of the Governing Body (continued)

Liquidity

At the end of the year the College had the following loans in place secured against its Paddington Green Campus:

- £16m long term loan repayable over 25 years. The balance on this loan at 31 July 2020 was £12.165m.
- £7.5m long term loan repayable over 24 years. The balance on this loan at 31 July 2020 was £5.061m.
- £1.5m long term loan repayable over 24 years. The balance on this loan at 31 July 2020 was £983,000.

All borrowings have been authorised by the Corporation and were agreed by the LSC, or ESFA where appropriate, and are in accordance with the requirements of the ESFA Financial Memorandum.

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 cashflow.

Covid-19

On 20 March 2020 the Secretary of State for Education announced that educational establishments in England were to close as a result of an increase in Covid-19 cases. Further restrictions on the freedom of movement were introduced by the Government on 23 March 2020.

The College anticipated these restrictions and suspended face-to-face learning on 13 March 2020. For the following two weeks the College made preparations to move the majority of its provision online. This involved providing staff and students with IT equipment, internet and telephony support, and additional software where appropriate and teaching recommenced on-line on 30 March 2020. Investment was also made in Personal Protective Equipment (PPE) to ensure the safety of staff in business critical areas who were required to maintain a physical presence on-site.

For the year ended 31 July 2020 the College incurred £166,000 in Covid-19 related expenditure and spent a further £104,000 on capital IT equipment. Commercial income from the College's Cockpit Theatre and from campus lettings saw a significant drop off, resulting in CWC Enterprises Limited, the College's commercial subsidiary, posting a deficit of £173,000 (2018-19 surplus £22,000).

For 2020-21, the Corporation has approved further capital investment in IT to support students and the College is currently purchasing over £1m in devices that will be loaned to 16-18 year old learners for the online elements of their courses. The College will also be supporting adult learners who need IT equipment to purchase it through use of the Adult Bursary Fund. The College has adopted a measured approach for learners returning to campus for on-site course elements and has redesigned campuses and classroom space to ensure social distancing rules can be adhered to. One way systems have been introduced and PPE is made available at all locations.

Reserves

Whilst in the long term the College has the aim of strengthening its income and expenditure reserves, the short term strategy of managed growth involves investment ahead of income due to the lagged learner effect of ESFA funding. As at 31 July 2020 the College has accumulated deficits of £25.661m (after deducting pension liabilities of £66.635m) in its income and expenditure account.

Report of the Governing Body (continued)

Going concern

The College's forecast and financial projections through to 2021-22, indicate that it will be able to generate operational surpluses and operate within its existing available bank facilities. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence through this period. For this reason the College continues to adopt the going concern basis in the preparation of its financial statements.

As at 31 July 2020 the College had cash and cash equivalents of £10.931m and short term investments of £10.0m.

Given the adequate nature of these College financial resources the Corporation believes the College will be able to continue in operation, and meet its liabilities as they fall due, for a period well beyond 12 months from the date of approval of these accounts. In making its assessment, the Corporation has considered the potential financial and operational impact that the Covid-19 pandemic may have on the College.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE:

The College has continued to make significant improvements in harmonising its curriculum operations during the year. The College has reorganised how it delivers its provision and continues to work to align processes post-merger. This has been achieved within the backdrop of the COVID-19 pandemic that saw the College lockdown at the end of March 2020.

As a result of environmental factors the College has successfully developed and implemented a fully online and integrated application and enrolment process that removes the necessity for the potential student to physically be present at the College to enrol, although this option is still available.

During 2019-20 the College also received two formal inspections from the Office for Students (OfS) for the College's Higher Education provision and a full OFSTED inspection for its Further Education provision.

The OfS review saw the College receive some minor conditions moving forward for Higher Education and the OFSTED inspection delivered the following grade profile:

Overall effectiveness	Requires Improvement
Quality of education	Requires Improvement
Behaviours and attitudes	Good
Personal development	Good
Leadership and management	Requires Improvement

In response to this grade profile, the College has increased the total number of first line management posts by 40% and reshaped its leadership of the curriculum by introducing eight new Assistant Principal roles. This has been supported with a bespoke leadership development programme 'Achieving Results through People' and represents a significant investment in its people.

Some key areas of progress in the academic year 2019-20 include:

- Improvements in the lesson observation grade profile for the College.
- The introduction of dashboards to measure the key performance indicators of the curriculum and student engagement.
- Collective objectives set for leaders and managers from 2019-20.
- The response to COVID-19 and seamless move to online delivery using technology to enhance learning.
- Safeguarding procedures continue to be robust and effective in nature.
- Significant increase in Adult Learning Support provision in 2019-20.

Report of the Governing Body (continued)

Learner numbers

In 2019-20 the College had 4,028 16-18 learners against an allocation of 3,922. The College also recruited 7,503 funded adult learners and 274 students on HE programmes. In addition to these, 1,016 apprentices were enrolled.

Learner achievements

The College achievement profile for the past five years is as follows:

	2015-16	2016-17	2017-18	2018-19	2019-20
All qualifications	86.1%	84.4%	86.9%	84.5%	84.1%
16 - 18	79.6%	76.5%	78.3%	76.0%	80.1%
19+	90.0%	89.0%	90.6%	88.6%	86.2%

Curriculum developments

This year has seen the development of the Learning & Teaching Operational Delivery Plan (LTODP) which, for the first time, sees the integration of product, process and people strategies. As part of the LTODP a strategy for Technology Enhanced Learning has been developed and approved by the Corporation which includes the introduction of an Immersive Classroom Project across the United Colleges Group sites.

The College has also relocated its Kings Cross Campus on York Way to a newly built campus nearer the Grain Stores at Kings Cross. This campus will support the soon to be completed Euston Skills Centre that is being developed in partnership with the London Borough of Camden.

The College is also working with Job Centre Plus and the Department for Work and Pensions in developing a number of sector skills-based work academies in Brent and Westminster to help support Londoners back into work as a result of the aftereffects of the global pandemic.

Future developments

Future developments include the upgrading of the College's Business Intelligence capability and the introduction of Governor and staff dashboards with real time data. This will involve extending the partnership with Microsoft through the use of their Power BI product.

The United Colleges Group property strategy recognises the relatively poor quality of the College of North West London's estate and significant investment has been made in the development of plans for the establishment for a new flag-ship campus to be located in Wembley. As at 31 July 2020, the College has invested £2,695,000 in the project.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set out by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020, the College comfortably met this target. The College incurred no interest charges in respect of late payments for this period.

Report of the Governing Body (continued)

RESOURCES:

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

Tangible resources include the main College campuses at Paddington Green and Willesden Green, centres at Wembley Park and Maida Vale, along with the Cockpit Theatre in Gateforth Street and a Construction Skills Centre at Kings Cross.

Financial
As at 31 July 2020 the Group had £2.920m of net liabilities after £66.635m in pension liabilities (2018-19 £14.654m net assets after £50.201m in pension liabilities) and long term creditors of £83.422m (2018-19 £86.598m).

People
In 2019-20 the College employed 727 people (2018-19 864), of whom 440 were teaching staff (2018-19 486). Expressed as full time equivalents, the College employed 611 people (2018-19 626), of whom 373 were teaching staff (2018-19 396).

Reputation
The College has a good reputation locally and nationally. Maintaining quality brands is essential for the College's success in attracting students and developing external relationships. The College's investment in its estate enhances that reputation and further property improvements are planned in the coming years.

PRINCIPAL RISKS AND UNCERTAINTIES:

1. Government Funding

The College has considerable reliance on continued government funding through the ESFA. In 2019-20, 92% (2018-19 90%) of the College's revenue was ultimately public funded.

The College is aware of the issues which impact on future funding and the pressures affecting the funding available both for 16-18 year olds and adults.

The risk is mitigated in a number of ways:

- An enhanced reputation and profile as a result of excellent achievement rates;
- Continued investment in College properties to provide a first class environment for students;
- Funding is derived through a number of direct and indirect contractual arrangements;
- By ensuring the College is rigorous in delivering high quality education and training;
- Considerable focus on and investment in maintaining and managing relationships with the various funding bodies;
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- Developing an appropriate curriculum for full cost recovery work;
- Continuing to grow the other commercial income of the College;
- Successful bidding for procured contracts.

2. Failure to achieve planned learner numbers

With 92% of College income arising from grant funding, it is essential that the College recruits and delivers against its funding allocation. The College has a long history of meeting and exceeding its ESFA allocations.

Report of the Governing Body (continued)

The risk of under recruitment and delivery is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- Close monitoring of the demand for courses and building of flexibility into curriculum planning;
- Formulation of an Enrolment Action plan and marketing strategy;
- Early identification of potential over/under recruitment with intervention strategies in place to respond.

3. Maintain adequate funding of pension liabilities

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

4. Increases in employer contributions to the Teachers' Pension Scheme

On 1 September 2019 employer contributions to the Teachers' Pension Scheme (TPS) increased from 16.48% to 23.68%; a 43.7% increase. The Department for Education reimbursed FE Colleges for this additional cost in the first year and have confirmed that they will continue to reimburse FE Colleges up to March 2021. Whether this will be reimbursed beyond March 2021 is still unknown, and the College has therefore taken this increase into account in its budgeting cycle.

STAKEHOLDER RELATIONSHIPS:

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

- Students;
- Education Sector funding bodies;
- Staff;
- Local and national employers (with specific links);
- Local Authorities;
- Greater London Authority;
- Government Offices / Regional Development Agencies;
- The local community including residents associations;
- Other FE institutions and Universities;
- Trade Unions;
- Professional bodies;
- Private training providers;
- Regeneration Agencies;
- Pension fund authorities;
- Banking partners.

The College recognises the importance of these relationships and engages in regular communication with them by meetings, written communications, mailings and through the College's Internet site, staff-net and student-net sites as appropriate.

Report of the Governing Body (continued)

Equal opportunities and employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, gender reassignment status, marital or civil partnership status, pregnancy, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College considers all applications from disabled persons, guaranteeing an interview where selection criteria are met. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability statement

The College seeks to achieve the objectives set down in the Equalities Act 2010.

a) The College employs a number of Heads of Faculty with responsibility for learners with learning difficulties and disabilities and employs a range of specialist staff to support learners with moderate and severe learning difficulties and/or disabilities (LLDD), who provide information, advice and arrange support where necessary for students with disabilities.

b) There is a list of specialist equipment, such as radio aids, which the College makes available for use by students and a range of assistive technology is available in the learning centres and from the College's Additional Learning Support Teams.

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

d) The College has made a significant investment in the appointment of learning support assistants to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

e) The College has a good reputation for providing discrete specialist programmes, details of which can be obtained from the Heads of Faculty for Learners with Learning Difficulties and Disabilities or through the course advice teams.

f) Counselling and welfare services, along with the College's Complaints and Disciplinary procedures, are described in the student induction pack, which is issued to every student at induction.

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.

Number of employees who were relevant union officials during 2019-20	Full-time equivalent employee number
25	23

Report of the Governing Body (continued)

Percentage of time spent on facility time:

Percentage of time	Number of Employees
0%	-
1-50%	25
51-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	£61,777
Total pay bill of union representatives	£1,106,077
Percentage of total pay bill spent on facility time	5.6%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time	5.4%

Disclosure of information to the auditor

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

Approved by order of the members of the Corporation on 16 December 2020 and signed on their behalf by:

Anthony D Johnston

Tony Johnston
Chair of Governors

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- 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
- Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector;
- In full compliance with the Office for Students ongoing Conditions of Registrations E3 and Terms and Conditions of Funding for HE provision.

The Corporation is committed to exhibiting best practice in all aspects of corporate governance and in particular the Corporation has adopted and complied with the Code with the exception of the recommendation that Governors should not normally serve for more than two terms (or a maximum of eight years). The Corporation recognises the need for an appropriate balance of skills, experience and knowledge to enable it to discharge its duties and responsibilities effectively and, for this reason, the maximum of two terms is not an absolute limit on the number of terms a Governor can serve, but more than this is exceptional practice.

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 considered to be relevant to the further education sector and best practice.

In the opinion of the members of the Corporation, the Corporation complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020, subject to the exception above. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (and amended in May 2019), which it formally adopted with effect from 1 August 2015.

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

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

Name	Date of appointment as Governor of UCG	Date of resignation / End of term of office	Status of appointment	Committees served	Attendance at Corporation
Nick Bell	27 August 2019	Not applicable	CEO	• Finance and General Purposes Committee • Teacher, Learning and Skills Committee • Wembley & Willesden Project Committee	4 / 4

Statement of Corporate Governance and Internal Control (continued)

Name	Date of appointment as Governor of UCG	Date of resignation / End of term of office	Status of appointment	Committees served	Attendance at Corporation
Tony Johnston (Chair)	4 July 2018	31 July 2022	Independent Member	• Finance & General Purposes Committee • Governance, Search and Remuneration Committee • Wembley & Willesden Project Committee	4 / 4
Glenys Arthur	4 July 2018	31 July 2020	Independent Member	• Teaching, Learning & Skills Committee	4 / 4
Franklin Asante	17 December 2018	17 December 2022	Independent Member	• Finance & General Purposes Committee	3 / 4
Peter Child	4 July 2018	11 November 2020	Independent Member	• Finance & General Purposes Committee • Wembley & Willesden Project Committee	0 / 1
Mary Elliott	4 July 2018	31 July 2020	Independent Member	• Teaching, Learning & Skills Committee	2 / 4
Alex Fyfe	4 July 2018	31 July 2021	Independent Member	• Finance & General Purposes Committee • Governance, Search and Remuneration Committee • Wembley & Willesden Project Committee	4 / 4
Matthew Green	4 July 2018	31 July 2022	Independent Member	• Teaching, Learning and Skills Committee	1 / 4
Lee Horsley	4 July 2018	31 July 2022	Independent Member	• Finance & General Purposes Committee • Wembley & Willesden Project Committee	3 / 4
Jan Knight	4 July 2018	31 July 2021	Independent Member	• Audit Committee • Governance, Search and Remuneration Committee	3 / 4
Colin Smith	26 January 2019	1 January 2023	Independent Member	• Teaching, Learning & Skills Committee	3 / 4
Norman Whyte	17 December 2018	17 December 2022	Independent Member	• Audit Committee	3 / 4
Angela Drisdale-Gordon	12 December 2018	17 December 2022	Independent Member	• Teaching, Learning & Skills Committee	3 / 4
Laura Griffin	3 July 2019	31 July 2023	Independent Member	• Governance, Search and Remuneration Committee	3 / 4
Derrick Betts	16 October 2019	16 October 2023	Co-opted / Independent Member	• Audit Committee	3 / 4
Amish Nathwani	17 December 2018	17 December 2022	Co-opted	• Audit Committee • Wembley & Willesden Project Committee	3 / 4
Cathy Bird	3 July 2019	3 July 2023	Co-opted	• Wembley & Willesden Project Committee	4 / 4
Stephen Hayes	23 November 2019	1 September 2020	Staff	• Teaching, Learning & Skills Committee	3 / 3
Desmond Bishop	3 July 2019	3 July 2023	Staff	• Teaching, Learning & Skills Committee	4 / 4
Rose Sareami	1 November 2019	31 July 2020	Student	• Teaching, Learning & Skills Committee	2 / 4

Overall attendance at all meetings of the Corporation and its committees for 2019-20 was 82%. Miss. Zoë Lawrence acted as Director of Governance throughout 2019-20.

Statement of Corporate Governance and Internal Control (continued)

The standard length of a term of office of a Governor, except for a Student Governor, is four years, although the Corporation reserves the right, where considered appropriate, to appoint for a shorter period. In accordance with the recommendations of the Nolan Committee, as a general rule it is recommended that Governors should not serve more than two consecutive terms in office. However, in recognition that a balance needs to be stuck between retaining good existing members and ensuring a managed turnover to introduce new blood, this is not an absolute limit on the number of terms a Governor can serve.

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 student achievement data and quality improvement plans, performance against funding targets, capital expenditure including any relating to the College's estates, quality matters, issues relating to learner voice and HR-related matters such as equality and diversity, safeguarding learners, health and safety and environmental issues. The Corporation meets at least once each term and, during the 2019-20 academic year, four Corporation meetings were held and one strategic planning day in January 2020.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are:

- Finance & General Purposes (F&GP) Committee
- Teaching, Learning & Skills (TLS) Committee
- Governance, Search & Remuneration (GSR) Committee
- Audit Committee
- Wembley & Willesden Project (W&WPC) Committee

Minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at the following address. Corporation non-confidential minutes are available from the UCG website.

United Colleges Group
City of Westminster College
Paddington Green Campus
25 Paddington Green
London
W2 1NB

The Director of Governance maintains a register of financial and personal interests of the members of the Corporation and senior managers. This register is reviewed at least annually and is available for inspection at the above address. The Corporation's Standing Orders are reviewed every year. Each committee of the Corporation has terms of reference, which are also reviewed bi-annually.

The Director of Governance works part time for the Corporation (0.8 Full Time Equivalent) and has no other post in the College. The role is fully independent from the College management structure as the Director of Governance reports directly to the Corporation via the Chair. The appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole.

All members of the Corporation have the right to take advice from the Corporation's advisers; or if necessary, at the Corporation's expense, independent professional advisers on any matter concerning the exercise of their powers and responsibilities in line with the Standing Orders. All members also have access to the Director of Governance, who is responsible to the Corporation for ensuring compliance with governance procedures and regulations.

Statement of Corporate Governance and Internal Control (continued)

The roles of the Chair of the Corporation and the CEO as Accounting Officer are separate and this provides a clear division of responsibility. The Director of Governance maintains a schedule of planned Corporation and Committee business, which ensures that key issues are considered at an appropriate time and aligned to the annual business cycle.

Formal agendas, papers and reports are supplied to members of the Corporation in a timely manner, prior to Corporation meetings. Briefings are also provided on an ad-hoc basis and, where appropriate, training and development opportunities are arranged for members of the Corporation on relevant topics.

The Corporation undertakes an annual self-assessment exercise to identify any areas for further improvement and focus in the coming year. It has set itself a number of key performance indicators to measure its own performance and these reported in the Search and Governance Annual Report.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. It considers that all of its members are 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 the Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance, Search and Remuneration Committee comprising the Chair and five governors who are responsible for the selection and nomination of any new independent member for the Corporation's consideration. The Governance, Search and Remuneration Committee regularly reviews the composition and expertise of the Corporation and conducts a skills audit at least annually, which is used in the nomination of any appointments or reappointments.

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, and are eligible to stand for a second term.

The Governance, Search and Remuneration Committee is also responsible for making recommendations to the Corporation on the remuneration and benefits of the CEO and other senior post holders. It is also the review body for the consideration of the remuneration of the Chair to the Corporation, subject to Corporation and Charity Commission approval.

Details of remuneration for the year ended 31 July 2020 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises at least four members of the Corporation (excluding the CEO and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation and in accordance with the requirements of the Post-16 Audit Code of Practice.

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

Statement of Corporate Governance and Internal Control (continued)

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

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

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

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the CEO, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and Office for Students Terms and Conditions of Funding and from other funding bodies. He 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 the College for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Statement of Corporate Governance and Internal Control (continued)

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;
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Internal Audit Service provides the Corporation with a report on internal audit activity in the Group.

The report includes the auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes. The report on internal audit activity for 2019-20 was scrutinised by the Corporation at its meeting on 16 December 2020 after review by the Audit Committee at its meeting on 2 December 2020.

Review of effectiveness

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

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

The CEO has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from internal audit, 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 Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Statement of Corporate Governance and Internal Control (continued)

Based on the advice of the Audit Committee and the CEO 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.'

Approved by order of the members of the Corporation on 16 December 2020 and signed on their behalf by:

Tony Johnston
Chair of Governors

Nick Bell
CEO, Accounting Officer

Corporation's statement on the College's regularity, propriety and compliance with the funding body terms and conditions of funding

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

We confirm on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is 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 Corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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.

Approved by order of the members of the Corporation on 16 December 2020 and signed on their behalf by:

Tony Johnston
Chair of Governors

Nick Bell
CEO, Accounting Officer

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the ESFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions*, the 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 Group and the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the whether the corporation 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 Member's Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College, and 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 in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the 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 by the ESFA are not put at risk.

Approved by order of the members of the Corporation on 16 December 2020 and signed on their behalf by:

Anthony D Johnston

Tony Johnston
Chair of Governors

Independent auditor's report to the Corporation of United Colleges Group

Opinion

We have audited the financial statements of United Colleges Group (the 'parent college') and its subsidiary (the 'group') for the year ended 31 July 2020 which comprise the group and parent college statement of comprehensive income, the group and parent college statement of changes in reserves and balance sheets, the group 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 group's and the parent college's affairs as at 31 July 2020 and of the group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 the Office for Students' 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Office for Students reporting requirements

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 group and parent college's grant and fee income, as disclosed in note 1 to these financial statements has been materially misstated; and
- the group and parent college's expenditure on access and participation activities for the financial year has been materially misstated.

Conclusions relating to going concern

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

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

Independent auditor's report to the Corporation of United Colleges Group (continued)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent college and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report including the strategic report.

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

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

Responsibilities of governors

As explained more fully in the governors' responsibilities statement, the governors 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 governors 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 governors are responsible for assessing the group's and the parent 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 governors either intend to liquidate the group or the parent 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.

Independent auditor's report to the Corporation of United Colleges Group (continued)

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

Use of our report

This report is made solely to the 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

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 26 January 2021

Reporting Accountant's Assurance Report on Regularity to the Corporation of United Colleges Group and Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA") and the Greater London Authority ("the GLA")

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts and those of the GLA, 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 United Colleges Group during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of United Colleges Group, the ESFA and the GLA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of United Colleges Group, the ESFA and the GLA 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 United Colleges Group and the ESFA and the GLA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of United Colleges Group and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA and in accordance with any guidance provided by the GLA. We performed a limited assurance engagement as defined in that framework.

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

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

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

Reporting Accountant's Assurance Report on Regularity to the Corporation of United Colleges Group and Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA") and the Greater London Authority ("the GLA") (continued)

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 26 January 2021

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 July 2020		Year ended 31 July 2019	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	43,488	43,488	45,318	45,318
Tuition fees and education contracts	3	2,391	2,390	3,188	3,188
Other income	4	1,075	585	1,826	994
Investment income	5	51	51	9	9
Total income		**47,005**	**46,514**	**50,341**	**49,509**
EXPENDITURE					
Staff costs	6	27,167	27,167	27,086	27,086
Fundamental restructuring costs	6	86	86	231	231
Other operating expenses	7	14,331	13,674	16,373	15,571
Depreciation	10	5,680	5,672	5,801	5,794
Interest and other finance costs	8	2,504	2,504	2,793	2,793
Total expenditure		**49,768**	**49,103**	**52,284**	**51,475**
Deficit before other gains and losses		**(2,763)**	**(2,589)**	**(1,943)**	**(1,966)**
Profit on the disposal of assets	10	1	1	14,200	14,200
(Deficit) / surplus before tax		**(2,762)**	**(2,588)**	**12,257**	**12,234**
Taxation		-	-	-	-
(Deficit) / surplus for the year	9	**(2,762)**	**(2,588)**	**12,257**	**12,234**
Actuarial loss in respect of pension schemes	24	(14,812)	(14,812)	(3,654)	(3,654)
Total comprehensive (expenditure) / income for the year		**(17,574)**	**(17,400)**	**8,603**	**8,580**
Represented by:					
Restricted comprehensive income / (expenditure)		-	-	(271)	(271)
Unrestricted comprehensive (expenditure) / income		(17,574)	(17,400)	8,874	8,851
		(17,574)	**(17,400)**	**8,603**	**8,580**

		Note	Year ended 31 July 2020		Year ended 31 July 2019	
			Group	College	Group	College
			£'000	£'000	£'000	£'000
(Deficit) / surplus for the year before exceptional items			**(2,762)**	**(2,588)**	**12,257**	**12,234**
Exceptional items						
FRS 102 pension adjustments:	- staff costs	6,24	743	743	1,048	1,048
	- interest payable	8,24	1,050	1,050	1,140	1,140
Merger transactions		13	-	-	19	19
Profit on the disposal of assets			(1)	(1)	(14,200)	(14,200)
(Deficit) / surplus for the year before exceptional items			**(970)**	**(796)**	**264**	**241**

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Restricted reserve	Total
	£'000	£'000	£'000	£'000
Group				
Balance as at 1 August 2018	(26,684)	32,735	-	**6,051**
Surplus from the income and expenditure account	12,257	-	-	**12,257**
Other comprehensive income	(3,654)	-	-	**(3,654)**
Transfers between revaluation and income and expenditure reserves	9,547	(9,547)	-	**-**
	18,150	(9,547)	-	**8,603**
Balance at 31 July 2019	(8,534)	23,188	-	**14,654**
Deficit from the income and expenditure account	(2,762)	-	-	**(2,762)**
Other comprehensive income	(14,812)	-	-	**(14,812)**
Transfers between revaluation and income and expenditure reserves	447	(447)	-	**-**
	(17,127)	(447)	-	**(17,574)**
Balance at 31 July 2020	**(25,661)**	**22,741**	**-**	**(2,920)**
College				
Balance as at 1 August 2018	(26,634)	32,735	-	**6,101**
Surplus from the income and expenditure account	12,234	-	-	**12,234**
Other comprehensive income	(3,654)	-	-	**(3,654)**
Transfers between revaluation and income and expenditure reserves	9,547	(9,547)	-	**-**
	18,127	(9,547)	-	**8,580**
Balance at 31 July 2019	(8,507)	23,188	-	**14,681**
Deficit from the income and expenditure account	(2,588)	-	-	**(2,588)**
Other comprehensive income	(14,812)	-	-	**(14,812)**
Transfers between revaluation and income and expenditure reserves	447	(447)	-	**-**
	(16,953)	**(447)**	-	**(17,400)**
Balance at 31 July 2020	**(25,460)**	**22,741**	**-**	**(2,719)**

Balance sheets as at 31 July

	Note	2020	2020	2019	2019
		Group £'000	**College** £'000	**Group** £'000	**College** £'000
Non current assets					
Tangible fixed assets	10	133,761	133,738	137,304	137,273
		133,761	**133,738**	**137,304**	**137,273**
Current assets					
Trade and other receivables	12	2,075	2,320	1,772	1,685
Short term investments	19	10,000	10,000	-	-
Cash and cash equivalents	20	10,931	10,905	21,869	21,838
		23,006	**23,225**	**23,641**	**23,523**
Less: Creditors - amounts falling due within one year	14	(9,630)	(9,625)	(9,491)	(9,315)
Net current assets		**13,376**	**13,600**	**14,150**	**14,208**
Total assets less current liabilities		**147,137**	**147,338**	**151,454**	**151,481**
Creditors - amounts falling due after more than one year	15	(83,422)	(83,422)	(86,599)	(86,599)
Provisions					
Defined benefit obligations	21	(62,827)	(62,827)	(46,853)	(46,853)
Other provisions-Enhanced Pension liabilities	21	(3,808)	(3,808)	(3,348)	(3,348)
Total net (liabilities) / assets		**(2,920)**	**(2,719)**	**14,654**	**14,681**
Unresticted reserves					
Income and expenditure account		(25,661)	(25,460)	(8,534)	(8,507)
Revaluation reserve	18	22,741	22,741	23,188	23,188
		(2,920)	**(2,719)**	**14,654**	**14,681**
Total reserves		**(2,920)**	**(2,719)**	**14,654**	**14,681**

The financial statements on pages 30 to 54 were approved for issue by the Corporation on 16 December 2020 and were signed on its behalf on that date by:

Tony Johnston
Chair

Nick Bell
CEO and Accounting Officer

Consolidated Statement of Cash Flows

	Note	2020	2019
		£'000	£'000
Cash flows from operating activities			
(Deficit) / surplus for the year		(2,762)	12,257
Adjustment for non-cash items			
Depreciation		5,680	5,801
Increase in debtors		(303)	(98)
Increase / (decrease) in creditors due within one year		81	(638)
Decrease in creditors due after one year		(2,244)	(2,482)
Increase / (decrease) in provisions		460	(142)
Pension costs less contributions payable		1,162	2,198
Adjustment for investing of financing activities			
Investment income		(51)	(9)
Interest payable		1,377	1,533
Profit on the sale of fixed assets		(1)	(14,200)
Net cash flow from operating activities		**3,399**	**4,221**
Cash flows from investing activities			
Proceeds from sale of fixed assets		1	23,383
Investment income		51	9
New deposits		(10,000)	-
Payments made to acquire fixed assets		(2,137)	(3,253)
		(12,085)	**20,139**
Cash flows from financing activities			
Interest paid		(1,377)	(1,533)
New unsecured loans and overdrafts		-	5,665
Repayments of amounts borrowed		(875)	(11,001)
		(2,252)	**(6,869)**
(Decrease) / increase in cash and cash equivalents in the year		**(10,938)**	**17,491**
Cash and cash equivalents at 1 August	20	21,869	4,378
Cash and cash equivalents at 31 July	20	10,931	21,869

Notes to the Accounts

1 Accounting policies

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 2019 to 2020 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom on 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 modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, CWC Enterprises Limited, which is controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of the subsidiary are included in the consolidated income and expenditure account. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020.

1 Accounting policies (continued)

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cash-flow, liquidity and borrowings are described in the financial statements and accompanying notes.

At 31 July 2020, the College had £18.210m in loans outstanding with Barclays Bank PLC. The College's forecasts and financial projections indicate that it will be able to generate operating surpluses and operate within its remaining banking facilities for the foreseeable future and make repayments as they fall due.

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

Recognition of income

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 (ESFA and GLA) are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement of the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct 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 one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been 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 the conditions are met.

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.

Income from tuition fees is stated gross of any expenditure and is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

1 Accounting policies (continued)

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

Post-retirement benefits

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

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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

Short term Employment benefits

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

1 Accounting policies (continued)

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated over their expected useful economic life, on a straight line basis, of between 10 and 60 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 60 years.

Freehold land is not depreciated as it is considered to have infinite useful 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 income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, City of Westminster College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost with the exception of the freehold land only of its Queen’s Park and Cockpit Theatre sites. These were revalued by Gerald Eve and added £9.65m to the value of College land as at 1 August 2014. The College sold its Queen’s Park site in May 2019 for £23.38m after transactional costs. The College of North West London also undertook a revaluation exercise in July 2015 which added £2.14m to the value of College land and buildings at 31 July 2015, backdated to 1 August 2014.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects’ certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Building improvements 10 years
- Technical equipment 10 years
- Motor vehicles 3 to 5 years
- Computer equipment 3 to 5 years
- Furniture, fixtures and fittings 7 to 10 years

1 Accounting policies (continued)

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. Any borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

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. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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

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

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Cash and cash equivalents

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

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

1 Accounting policies (continued)

Financial liabilities and equity

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). 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 the income and expenditure account in the period in which they arise.

Taxation

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

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

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

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.

1 Accounting policies (continued)

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

Agency arrangements

The College acts as an agent in the collection and payment of adult loan bursaries. Related payments received from the ESFA and subsequent disbursements to students are excluded from the income and expenditure of the College and are shown separately in note 26, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

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 group’s tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

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

- *Local Government Pension Scheme*
  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	10,173	10,173	11,374	11,374
Education and Skills Funding Agency - 16-18	22,419	22,419	23,245	23,245
Education and Skills Funding Agency - apprenticeships	1,711	1,711	3,176	3,176
Greater London Authority - procured	1,236	1,236	-	-
Office for Students	256	256	324	324
Specific grants				
Releases of government capital grants	2,519	2,519	2,546	2,546
European Social Fund	-	-	590	590
Local Authority income	2,916	2,916	2,454	2,454
Teachers' Pension Scheme contribution grant	715	715	-	-
Bursary income	1,543	1,543	1,609	1,609
	43,488	**43,488**	**45,318**	**45,318**

3 Tuition fees and education contracts

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Adult education fees	396	396	1,170	1,170
Fees for FE loan supported courses	939	939	742	742
Fees for HE loan supported courses	896	895	949	949
International students' fees	59	59	140	140
Total tuition fees	2,290	2,289	3,001	3,001
Educational contracts	101	101	187	187
	2,391	**2,390**	**3,188**	**3,188**

4 Other income

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
School Links	65	65	250	250
Lettings income	288	89	609	166
Cockpit Theatre income	289	3	381	1
Other grant income	16	16	-	-
Miscellaneous income	417	412	586	577
	1,075	**585**	**1,826**	**994**

5 Investment income

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Interest receivable	51	51	9	9
	51	**51**	**9**	**9**

6 Staff costs - Group and College

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

	2020 Number	2019 Number
Teaching staff	440	468
Non-teaching staff	287	396
	727	**864**

The above staff number, described as full time equivalent, is 611 (2018-19: 626).

Staff costs for the above persons		**2020** £'000	**2019** £'000
Wages and salaries		17,813	18,080
Social security costs		1,749	1,782
Other pensions costs		4,408	4,183
Payroll subtotal		**23,970**	**24,045**
Agency staff costs		3,197	3,041
		27,167	**27,086**
Fundamental restructuring costs:	- Contractual	86	231
Total staff costs		**27,253**	**27,317**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Chief Executive Officer, the Chief Financial Officer, and a Principal. It should be noted that Mr. Keith Cowell acted as CEO and Accounting Officer throughout 2018-19. However, he stepped down from this position on 31 August 2019 and was replaced by Mr. Nick Bell from 26 August 2019.

Emoluments of key management personnel, Accounting Officer and other high paid staff

	2020 Number	**2019** Number
The number of key management personnel, including the Accounting Officer was:	4	4

The number of key management personnel and other staff who received remuneration, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

			Key management personnel		**Other staff**	
			2020 Number	**2019** Number	**2020** Number	**2019** Number
£10,001	to	£15,000	1	n/a	-	n/a
£60,001	to	£65,000	-	-	1	5
£65,001	to	£70,000	-	-	3	4
£70,001	to	£75,000	-	-	1	-
£75,001	to	£80,000	-	-	1	1
£80,001	to	£85,000	-	-	1	1
£85,001	to	£90,000	-	-	2	-
£95,001	to	£100,000	-	1	-	-
£115,001	to	£120,000	-	1	-	-
£120,001	to	£125,000	-	1	-	-
£135,001	to	£140,000	2	-	-	-
£150,001	to	£155,000	-	1	-	-
£165,001	to	£170,000	1	-	-	-
			4	4	9	11

Key management personnel compensation is made up as follows:

	2020	2019
	£'000	£'000
Salaries	461	491
Employers National Insurance	60	63
Benefits in kind	1	2
	522	**556**
Pension contributions	70	93
Payroll subtotal	**592**	**649**
Consultancy costs	-	-
Total key management personnel compensation	**592**	**649**

There were no amounts due to senior post-holders that were waived in the year, nor any salary sacrifice arrangements in place. The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2020	2019
	£'000	£'000
Salaries	181	155
	181	**155**
Pension contributions	-	26
Total emoluments	**181**	**181**

Mr. Keith Cowell stepped down as CEO and Accounting Officer on 31 August 2019 and was replaced by Mr. Nick Bell from 26 August 2019. The emoluments above represent the total paid to both individuals in 2019-20.

The Governing Body adopted the AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The Accounting Officer reports to the Chair of the Governing Body, which undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

The Accounting Officer's basic salary and total remuneration as a multiple of the median of all staff is 7.1 times the median, which was £25,379 (2018-19 6.6 times the median, which was £23,569).

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the London Pension Fund Authority and are paid at the same rate as for other employees.

In 2018-19, the College received approval from the Charity Commission to reimburse the in-post Chair of Governors for Trustee duties over and above those considered to be within the normal voluntary role of the Chair. The amount paid in 2019-20 was £18,270 (2018-19 £4,320).

Other than as stated above, the members of the Corporation, other than the CEO (as Accounting Officer) and Staff Governors, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Compensation for loss of office paid to former key management personnel

	2020	2019
	£	£
Compensation paid to former post-holders	-	-

No severance payments were made to key management personnel in 2019-20 (2018-19 none).

7 Other operating expenses

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Teaching costs	2,043	2,043	1,696	1,697
Non teaching costs	6,897	6,241	7,181	6,378
Premises costs	3,377	3,376	3,466	3,466
Subcontractors costs	2,014	2,014	4,030	4,030
	14,331	**13,674**	**16,373**	**15,571**

Other operating costs include:

	2020 £'000	2019 £'000
Auditors' remuneration:		
Financial statements and regularity audit *	41	51
Internal audit	27	35
Hire of other assets - operating leases	3	3

* represents all fees paid by College, including £3,000 for CWC Enterprises Limited (2019: £3,000)

7a Access and participation spending

As an Office for Students registered college, the College has incurred the following access and participation costs in relation to its higher education students. These costs are included in Other operating expenses shown above.

	2020 £'000	2019 £'000
Access investment	87	n/a
Financial support to students	53	n/a
Disability support	23	n/a
Research and evaluation (relating to access and participation)	65	n/a
	228	**n/a**

8 Interest and other finance costs - Group and College

	2020 £'000	2019 £'000
On bank loans, overdrafts and other loans:		
On bank loans	1,377	1,533
Net interest on defined pension liability (note 23)	1,050	1,140
Other - interest on enhanced pension	77	120
	2,504	**2,793**

9 Deficit on continuing operations for the year - Group and College

	2020 £'000	2019 £'000
College's (deficit) / surplus for the year	(2,589)	12,235
(Loss) / profit generated by subsidiary undertaking	(173)	22
	(2,762)	**12,257**

10 Tangible fixed assets - Group

	Land and buildings				
	Freehold	Assets under construction	Leasehold	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2019	146,543	1,350	14,372	18,011	180,276
Additions	-	1,344	-	793	2,137
At 31 July 2020	**146,543**	**2,694**	**14,372**	**18,804**	**182,413**
Depreciation					
At 1 August 2019	25,543	-	2,454	14,975	42,972
Charge for the year	3,286	-	994	1,400	5,680
At 31 July 2020	**28,829**	**-**	**3,448**	**16,375**	**48,652**
Net book value at 31 July 2020	**117,714**	**2,694**	**10,924**	**2,429**	**133,761**
Net book value at 31 July 2019	121,000	1,350	11,919	3,036	137,304

Tangible fixed assets - College

	Land and buildings				
	Freehold	Assets under construction	Leasehold	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2019	146,543	1,350	14,372	17,963	180,228
Additions	-	1,344	-	793	2,137
At 31 July 2020	**146,543**	**2,694**	**14,372**	**18,756**	**182,366**
Depreciation					
At 1 August 2019	25,543	-	2,454	14,958	42,955
Charge for the year	3,286	-	994	1,392	5,672
At 31 July 2020	**28,829**	**-**	**3,448**	**16,351**	**48,627**
Net book value at 31 July 2020	**117,714**	**2,694**	**10,924**	**2,406**	**133,738**
Net book value at 31 July 2019	121,000	1,350	11,919	3,005	137,273

Assets under construction relate to property costs surrounding the College's Wembley Park Campus redevelopment.

In 2018-19 the College sold its Queen's Park Campus at Saltram Crescent, London, W9 3HW. Sale proceeds were £23.38m after transaction costs and the profit on disposal was £14.20m.

City of Westminster College's land and buildings were valued in 1994 at depreciated replacement cost by a firm of independent chartered surveyors, Edward Rushton Son & Kenyon. In 2015-16 the College revalued its Queen's Park and Cockpit Theatre sites. This was conducted by Gerald Eve and added £9.650m to the value of College land.

Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of professional advice.

If inherited land and buildings had not been valued they would have been included at nil value in the financial statements.

11 Non-current investments

	2020	2019
	£	£
Investment in subsidiary company	2	2
	2	**2**

The College owns 100% of the issued ordinary £1 shares of CWC Enterprises Limited, a company incorporated in England and Wales.

The principal business activity of CWC Enterprises Limited is the management of letting services for the College, the Cockpit Theatre and ancillary services.

12 Debtors

	2020 Group	2020 College	2019 Group	2019 College
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,377	1,371	875	843
Amounts owed by subsidiary undertaking	-	251	-	(41)
Other debtors	8	8	47	47
Prepayments and accrued income	690	690	850	836
	2,075	**2,320**	**1,772**	**1,685**

13 Merger transactions

	2020 Group	2020 College	2019 Group	2019 College
	£'000	£'000	£'000	£'000
Merger transition grant	-	-	-	-
Merger costs	-	-	(19)	(19)
	-	**-**	**(19)**	**(19)**

On 1 August 2017 City of Westminster College merged with the College of North West London. On this date the assets, liabilities, students and staff migrated from the College of North West London to City of Westminster College. The Corporation of the College of North West London was dissolved and the City of Westminster College continued as the successor Corporation. As part of this process, City of Westminster College was renamed United Colleges Group.

14 Creditors: amounts falling due within one year

	Note	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Bank loans and overdrafts	16	933	933	875	875
Trade creditors		1,036	1,034	741	643
Other taxation and social security		867	867	800	800
Accruals		2,014	2,011	2,185	2,145
Deferred income - tuition fees and other grants		748	748	505	475
Deferred income - government capital grants	17	2,215	2,215	2,475	2,475
Other creditors		1,548	1,548	1,641	1,633
Holiday pay accrual		269	269	269	269
		9,630	**9,625**	**9,491**	**9,315**

15 Creditors: amounts falling due after one year

	Note	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Bank loans	16	17,276	17,276	18,209	18,209
Deferred income - government capital grants	17	66,146	66,146	68,390	68,390
		83,422	**83,422**	**86,599**	**86,599**

16 Maturity of debt

Bank, other loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
In one year of less	933	933	875	875
Between one and two years	986	986	933	933
Between two and five years	3,304	3,304	3,128	3,128
In five years or more	12,987	12,987	14,148	14,148
	18,210	**18,210**	**19,084**	**19,084**

At 31 July 2020, the College had three main loan facilities with Barclays Bank PLC. A £16m loan repayable over 25 years (at 6.998% interest), a £7.5m loan repayable over 24 years (at 8% interest) and a £1.5m loan repayable over 24 years (at 7.760%).

All of the above loans are secured against the College's Paddington Green Campus, located at 25 Paddington Green, London, W2 1NB.

17 Deferred capital grants

	Group and College		
	ESFA/LEP grants	Other government	Total
	£'000	£'000	£'000
At 1 August 2019	70,833	32	70,865
Cash received	-	16	16
Released to statement of comprehensive income	(2,490)	(29)	(2,519)
At 31 July 2020	**68,343**	**19**	**68,362**

18 Revaluation reserve

	Group and College	
	2020	2019
	£'000	£'000
At 1 August 2019	23,188	32,735
Transfer from revaluation reserve to general reserve	(447)	(9,547)
At 31 July 2020	**22,741**	**23,188**

19 Current investments

	2020 Group	2020 College	2019 Group	2019 College
	£'000	£'000	£'000	£'000
Short term deposits	10,000	10,000	-	-
	10,000	**10,000**	**-**	**-**

At 31 July 2020 all short term deposits were held in a 95 day notice account with Barclays Bank PLC.

20 Cash and cash equivalents

	At 1 August 2019	Cash flows	At 31 July 2020
	£'000	£'000	£'000
Cash and cash equivalents	21,869	(10,938)	10,931
	21,869	**(10,938)**	**10,931**

21 Provisions

	Group and College		
	Defined benefit obligations	Enhanced pension	Total
	£'000	£'000	£'000
At 1 August 2019	46,853	3,348	50,201
Expenditure in the period	(1,770)	(248)	(2,018)
Additions in the period	17,744	708	18,452
At 31 July 2020	**62,827**	**3,808**	**66,635**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 24.

22 Capital and other commitments

	Group and College	
	2020	**2019**
	£'000	£'000
Commitments contracted for at 31 July	-	-

23 Lease obligations

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

	Group and College	
	2020	**2019**
	£'000	£'000
No later than one year	3	3
Later than one year and not later than five years	2	3
Later than five years	-	-
	5	**6**

24 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LPGS), which is managed by the London Pension Scheme Authority (LPFA). Both are multi-employer defined-benefit plans.

Total pension cost for the year		**2020**		**2019**
		£'000		£'000
Teachers' Pension Scheme: contributions paid		1,955		1,381
Local Government Pension Scheme:				
Contributions paid - normal	1,710		1,754	
FRS 102 (28) charge	743		1,048	
Charge to the Statement of Comprehensive Income		2,453		2,802
Total pension cost for the year within staff costs (note 6)		**4,408**		**4,183**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019. Contributions amounting to £239,000 (2019: £350,000) were payable to the schemes at 31 July 2020 and are included within creditors.

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. 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 FRS102 (28.11), the TPS is a multi-employer plan. The College is unable to identify its share of underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption of FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of 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). The Department has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,955,000 (2019: £1,381,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Pension Fund Authority (LPFA). The total contributions made for the year ended 31 July 2020 were £2,153,000, of which employer's contributions totalled £1,710,000 and employees' contributions totalled £443,000. The College is in the final stages of offering the LPFA a legal charge on its Paddington Green Campus. As a result of this, the agreed contribution rates for future years are 23.4% for employers (31.1% with no legal charge) and range from 5.5% to 12.5% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary for United Colleges Group.

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

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

	At 31 July 2020	**At 31 July 2019**
Retiring today		
Males	21.2	20.9
Females	24.3	23.6
Retiring in 20 years		
Males	22.6	22.6
Females	25.7	25.4

Sensitivity analysis

	At 31 July 2020 £'000	**At 31 July 2019** £'000
The changes in assumptions below would increase / (decrease) the net liability as follows:		
Discount rate +0.1%	(2,558)	(2,034)
Discount rate -0.1%	2,614	2,075
Long term salary increase +0.1%	167	190
Long term salary increase -0.1%	(164)	(188)
Pension increases and deferred revaluation +0.1%	2,422	1,877
Pension increases and deferred revaluation -0.1%	(2,373)	(1,842)
Life expectancy +1 year	4,297	4,089
Life expectancy -1 year	(4,156)	(3,939)

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

	Fair value at 31 July 2020 £'000	Fair value at 31 July 2019 £'000
Equities	35,928	35,216
Target return portfolio	14,884	16,414
Infrastructure	4,521	3,704
Property	6,064	5,888
Cash	4,018	3,409
Bonds	-	-
Total	**65,415**	**64,631**
Weighted average expected long term rate of return	**1.4%**	**2.1%**
Actual return on plan assets	**3,423**	**5,887**

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

	2020 £'000	2019 £'000
Fair value of plan assets	65,415	64,631
Present value of plan liabilities	(128,110)	(111,350)
Present value of unfunded liabilities	(131)	(134)
Present value of unfunded liabilities-enhanced pension	(3,809)	(3,349)
Net pensions liability (Note 21)	**(66,635)**	**(50,202)**

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current and past service cost	2,513	2,842
Employer contributions	(1,770)	(1,794)
	743	**1,048**
Amounts included in investment income		
Net interest income	(966)	(1,063)
Administration charges	(84)	(77)
	(1,050)	**(1,140)**

Amounts recognised in Other Comprehensive Income

	2020	2019
	£'000	£'000
Return on pension plan assets	2,069	4,308
Other actuarial losses	(2,235)	(916)
Experience gains / (losses) arising on defined benefit obligations	510	(119)
Changes in assumptions underlying the present value of plan assets	(14,289)	(12,346)
Changes in assumptions underlying demographics	(236)	5,409
	(14,181)	**(3,664)**
Actuarial (losses) / gains - pension enhancement	(631)	10
	(14,812)	**(3,654)**

Movement in net defined benefit liability during the year

	2020	2019
	£'000	£'000
Net defined benefit liability at 1 August	(46,853)	(41,001)
Movement in year:		
Current service cost	(2,513)	(2,842)
Employer contributions	1,770	1,794
Net interest on the defined liability	(966)	(1,063)
Actuarial gain or loss	(14,181)	(3,664)
Administration charges	(84)	(77)
Net defined benefit liability at 31 July	**(62,827)**	**(46,853)**

Asset and Liability Reconciliation

	2020	2019
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	111,484	100,428
Current service cost	2,513	2,248
Past service cost	-	594
Interest cost	2,320	2,642
Contributions by Scheme participants	438	446
Experience (gains)/ losses arising on defined benefit obligations	(510)	119
Changes in financial assumptions	14,289	12,346
Changes in demographic assumptions	236	(5,409)
Estimated benefits paid	(2,516)	(1,918)
Unfunded pension payments	(12)	(12)
Defined benefit obligations at 31 July	**128,242**	**111,484**
Changes in fair value of plan assets		
Fair value of plan assets at 1 August	64,631	59,427
Interest on plan assets	1,354	1,579
Return on plan assets less interest	2,069	4,308
Other actuarial gains	(2,235)	(916)
Employer contributions	1,770	1,794
Contributions by Scheme participants	438	446
Estimated benefits paid	(2,528)	(1,930)
Administration expenses	(84)	(77)
Fair value of plan assets at 31 July	**65,415**	**64,631**

25 Related party transactions

Due to the nature of the College's operations and the composition of the Corporation being drawn from local as well as national and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving 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.

The total expenses paid to or on behalf of the Members of the Corporation during the year were £9,200 (2018-19: £9,508). This represents travel and subsistence expenses, mobile phone charges and other out of pocket expenses incurred in attending Corporation meetings, College events and conferences in their official capacity.

In 2018-19, the College received approval from the Charity Commission to reimburse the in-post Chair of Governors for Trustee duties over and above those considered to be within the normal voluntary role of the Chair. The amount paid in 2019-20 was £18,270 (2018-19: £4,320).

No Member of the Corporation has received any remuneration from the College or its subsidiary during the year other than the Chair, the CEO and Accounting Officer, and two Staff Governors.

26 Learner support funds

	2020	**2019**
	£'000	£'000
Adult loans - funding body grants received	299	510
- funding body grants clawed back	(339)	(473)
	(40)	37
Disbursed to students	(58)	-
Administration costs	-	(2)
	(58)	(2)

The College acts as a paying agent for certain funding. In these circumstances, the grant and related disbursements are excluded from the Statement of Comprehensive Income. As at 31 July 2020, the amount shown in creditors in relation to funds held as agent is £982,000 (2019: £1,079,000).