



Annual Report and Financial Statements
For the Year Ended 31 July 2018



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 2017-18:

Mr. Keith Cowell	Chief Executive Officer and Accounting Officer
Mrs. Amanda Thorneycroft	Chief Operating Officer
Mrs. Jacqueline Grubb	Principal (from September 2017)
Mr. David White	Principal (to April 2018)
Mr. Stephen Davis	Principal (from April 2018)
Mr. Eamonn McCarroll	Executive Director of Finance
Ms. Anna Openshaw-Lawrence	Executive Director of Human Resources

Board of Governors

A full list of Governors is given on pages 17 to 19 of these financial statements.

Ms. Christina Price acted as Clerk to the Corporation to 18 January 2018. Ms. Natalie Watt acted as interim Clerk from 27 February 2018.

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
74 Kilburn High Road
London
NW6 4HS

Barclays Commercial Bank
1 Churchill Place
London
E14 5HP

Solicitors:

Eversheds
Senator House
85 Queen Victoria Street
London
EC4 4JL

Contents	Page
Report of the Governing Body	5
Statement of corporate governance and internal control	17
Statement of regularity, propriety and compliance	25
Statement of responsibilities of the members of the Corporation	26
Independent auditor's report on the Financial Statements	27
Independent reporting accountant's report on regularity	30
Consolidated statement of comprehensive income and expenditure	32
Consolidated and College statement of changes in reserves	33
Balance sheets as at 31 July	34
Consolidated statement of cash flows	35
Notes to the financial statements	36

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 2018.

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.

On 1 August 2017, following public consultation, the Corporation of City of Westminster College merged with the College of North West London under a Type B Merger. On this date, the Corporation of the College of North West London was dissolved with all its assets and liabilities, students and staff transferring to City of Westminster College. Also on 1 August 2017, the Corporation of City of Westminster College was renamed United Colleges Group. For financial purposes, United Colleges Group is a single legal entity and throughout this report will be referred to as the 'College' unless otherwise stated. Merger accounting has been adopted, and where comparative figures are given, these have been restated to combine the results of the predecessor colleges. Although the College is now one merged entity, the brands of City of Westminster College and The College of North West London continue to be used, as these are recognised in their respective localities.

Vision

To be London's best College Group.

Mission

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

"To meet the diverse educational and skills needs of our students and the economy".

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 17 to 19.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College 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 focussed 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 NEETs (Not in Education, Employment or Training).
- Promotion and active support of volunteering in the local community.

Report of the Governing Body (continued)

The College offers education and training in almost all 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 & Robotics, Public Services, Science, Sport, Creative & Digital Industries and Provision for Learners with High Needs. In 2017, City of Westminster College's timely apprenticeship achievement and timely adult achievement rates were the highest in London and amongst the best in the country. Prior to merger, both colleges were awarded a Grade 2 (Good) following inspections by Ofsted, City of Westminster College in 2013 and the College of North West London in 2016.

The College has extensive and effective employer links with key employers in London and nationally, including Crossrail, MetroNet, London Underground, Skanska and Land Securities, United Biscuits, Arup, Atkins, 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 a detailed business plan which is reviewed and updated annually. The Corporation monitors the performance of the College against these plans. The strategic aims in place for 2017-18 were:

- To ensure that students achieve success rates that will place the College consistently in the top 10% of colleges nationally;
- To maintain and promote a culture of continuous improvement to enable all staff and students to be aligned on achieving outstanding performance and realising their individual potential and aspirations;
- To maintain a strong financial position, safeguarding the assets of the College;
- For the College to have highly motivated staff who are ambitious for the College's future;
- To actively promote equality and diversity and oppose discrimination;
- To actively engage with and add value to the wider community, forming appropriate partnerships to this end.

Under the strategic aim 'to maintain a strong financial position, safeguarding the assets of the College' 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) To ensure that the College has sufficient financial resources to complete the growth strategy.

For the last four years the College has undertaken a growth strategy that has seen 16-18 learner numbers grow by over 600. This has been achieved by investing in curriculum resources and has successfully resulted in a significant increase in 16-18 learner income.

- b) To ensure that the College's Maida Vale building project is delivered within the agreed budget.

The refurbishment of the Maida Vale Campus was completed and staff and students moved in at the start of the academic year in September 2017.

Report of the Governing Body (continued)

- c) To closely manage cash flow to ensure cash is available when required.

The College retains a £9.5m rolling credit facility to support working capital and capital expenditure requirements. In addition, cash flow is monitored daily and the College has consistently kept within the 'cash in hand' target set in the financial Key Performance Indicators.

- d) Ensure the growth strategy is reflected in the annual College budget.

The growth strategy is reflected in the College budget and forecasts with the final year of income growth reflected in the allocations received for 2018-19.

- e) Investigate all options to ensure that the best return is realised from any potential sale or release of College property.

Governors have agreed to market for sale the College's Queens Park site and external advisers have been commissioned to look at the developmental potential of the College's Wembley Park and Willesden Green sites.

- f) To grow alternative sources of income.

The College continues to develop a program of Full Cost Recovery courses targeted both at leisure activities and specialist areas linked to employment for example electrical training, security training and first aid.

The College has an events and lettings manager and the income generated from lettings across all of the College's sites continues strongly, particularly at the College's Willesden Green Campus where the addition of a new summer school has increased lettings income.

Following the relocation of its performing arts teaching to the new College theatre on the Paddington Green Campus, the College has run its Cockpit Theatre on a commercial basis providing a performance venue for a variety of different productions and introducing a successful monthly Jazz Night. Income from the theatre continues to grow.

- g) Ensure that losses incurred in early years under the growth strategy do not negatively impact on the perceived financial strength of the College.

In the three years running up to merger, City of Westminster College focussed on its growth strategy and budgeted operating losses in pursuit of this strategy. The actual operating results of City of Westminster College for these years were small operating profits.

The College budgeted a loss for 2017-18, recognising that there would be increased costs in the first year of merger. Despite this, the College retains a financial health of Satisfactory, continues to have sufficient funds available to support both operations and a significant capital expenditure programme.

The College retains an excellent relationship with its bankers Barclays Bank PLC and continues to have the confidence of the Education and Skills Funding Agency (ESFA).

Report of the Governing Body (continued)

In October 2018, the Corporation agreed a new strategic plan for the College for the period 2018-21 incorporating the following aims:

1. To have the highest achievement rates in London;
2. To ensure all students have an excellent experience and achieve their potential;
3. To actively promote equality and diversity and oppose discrimination;
4. Maintaining an independent financially strong position and sustainably viable College Group;
5. To have high performing and motivated staff;
6. To work effectively with all of our external stakeholders.

Within the Strategic Aim 4 'maintaining an independent financially strong position and sustainably viable College Group' the following financial objectives were set:

- To generate a positive cash flow together with growing annual operating surpluses.
- To reduce dependency of the College on core funding by growing alternative sources of income.
- To establish new strategic partnerships that will directly and positively impact on the range and quality of our provision.
- To further develop systems and infrastructure to ensure the maximum resource is focused on offering the best possible service to all our students and staff.

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. The College is required to complete a 2 year Financial Plan and an annual Finance Record for the ESFA. These returns produce a Financial Health grading. The College's Financial Health grading has been confirmed by the ESFA as 'Satisfactory' for 2017-18 and 'Outstanding' for 2018-19. In addition the Corporation has additional targets for the College which are monitored during the year.

FINANCIAL POSITION:**Financial results**

The Group (the College and its subsidiary CWC Enterprises Limited) generated a deficit before other gains and losses of £2,909,000 for the year (2016-17 deficit £3,885,000), with a total comprehensive surplus of £289,000 (2016-17 £3,067,000).

At 31 July 2018, the Group had positive accumulated income and expenditure reserves of £14.318m (excluding the LGPS defined benefit pension scheme obligations) compared with £14.995m at 31 July 2017.

Report of the Governing Body (continued)

Tangible fixed asset additions during the year amounted to £2.482m which consisted of planned refurbishment of the College's Maida Vale site along with equipment purchases across the College.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017-18, the funding bodies provided 88% of the College's total income (2016-17 86%).

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 generated a surplus of £19,000, (2016-17 a deficit of £70,000).

Staff restructuring

The College continues to respond to changing Government funding by driving down payroll costs and creating efficiencies in both teaching and support service delivery. This year rationalisation and efficiencies resulted in the loss of 20 staff and redundancy costs amounting to £216,000 (2016-17 loss of 41 staff at a cost of £878,000).

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 £1.289m for the year (2016-17 £3.422m) was strong. Major cash outflows consisted of the servicing of the College's long term loans and capital expenditure on the refurbishment project at the College's Maida Vale site.

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 2018 was £13.231m.
- £7.5m long term loan repayable over 24 years. The balance on this loan at 31 July 2018 was £5.594m.
- £1.5m long term loan repayable over 24 years. The balance on this loan at 31 July 2018 was £1.095m.

In addition to this, in August 2014, the College signed a facility with Barclays Bank for a £9.5m rolling credit facility to be available to the College until August 2019. £4.5m had been drawn down on this loan as at 31 July 2018. This facility is secured against the College's Queen's Park Campus.

Report of the Governing Body (continued)

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.

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 the 31 July 2018 the College has accumulated deficits of £26.683m (including pension deficits of £44.492m) in its income and expenditure account.

Going concern

The College's forecast and financial projections, through to 2020-21, indicate that it will be able to operate within its existing available bank facilities, including the rolling facility approved in August 2014. 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.

Merger

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.

The merger improves the education and training opportunities for learners, employers and the communities the constituent colleges continue to serve. It builds on the combined strengths of each former college to establish strategic advantage and competitive edge.

The vision is to deliver the highest quality education and training opportunities for students and employers across West and Central London, and beyond. The merger enhances the curriculum on offer allowing more learners to benefit from vocational specialisms. It contributes to moving the Further Education agenda forward to deliver educational and social advantages. United Colleges Group secures the best provision and choice for students in West and Central London and will strengthen the offer to a broader London client base. The constituent colleges of City of Westminster College and the College of North West London retain and operate with their names and identities, which have a strong value within their respective communities.

Report of the Governing Body (continued)**CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE:****Ofsted**

Prior to merger, both colleges were awarded a Grade 2 (Good) following inspections by Ofsted, City of Westminster College in 2013 and the College of North West London in 2016. The College has self-assessed for 2017-18 as Good (Grade 2) in all the Key Judgement areas. These are:

- Overall effectiveness
- Effectiveness of leadership and management
- Quality of teaching, learning and assessment
- Personal development, behaviour and welfare
- Outcomes for learners

Learner numbers

In 2017-18 the College had 4,054 16-18 learners against an allocation of 4,037. The College also recruited around 10,000 funded adult learners and nearly 450 students on HE programmes. In addition to these, 3,150 apprentices were enrolled. These recruitment numbers have remained fairly stable over the last two years. The College also achieved its main ESFA funding allocations.

Learner achievements

The College has continued to be a highly performing college for adult learners, 16-18 year olds and timely Apprenticeships. The overall achievement rates for the past three years are as follows:

United Colleges Group			
	2015-16	2016-17	2017-18
All qualifications	86.1%	84.4%	86.9%
16 - 18	79.6%	76.5%	78.3%
19+	90.0%	89.0%	90.6%

The College's Apprenticeship provision has good overall achievement and timely achievement rates across most sectors and is above the national average. In 2017-18 overall Apprenticeship achievement at City of Westminster College was 90.9% and the College of North West London was 67.1%. Timely achievement rates were 88.9% and 52.0% respectively, giving a combined timely achievement rate of 79.5%. City of Westminster College has been positioned in the top 10 for FE colleges for timely and overall achievements rates in the last 5 years.

United Colleges Group			
Apprenticeships	2015-16	2016-17	2017-18
All ages	81.7%	74.3%	79.5%
16 - 18	70.0%	70.4%	58.8%
19 - 23	80.7%	69.8%	74.5%
24 +	82.3%	76.3%	84.4%

The above achievements are timely achievements.

Report of the Governing Body (continued)**Curriculum developments**

In the first year of merger, the College has aligned its curriculum planning process to ensure that the curriculum reflects the needs of its local communities and businesses and continues to develop specialisms, including construction and engineering.

Following an improvement in College A-level results, the curriculum team expanded the range of A-Level subjects to include Science and Mathematics. All of which recruited well in 2017-18.

The College has an extensive and highly successful Employment and Skills provision which has been developed and planned with key stakeholders including the Department for Work and Pensions, Local Authorities and employers. This bespoke flexible provision supports unemployed and economically inactive clients and helps them to gain access into employment, Apprenticeships or further training, in line with the local, regional and national skills strategies.

Future developments

T-Levels will be introduced in 2019-20 and will be rolled out across the country in 2024-25. The College has formulated a steering group to ensure the implementation of T-Levels is timely and well planned. The College has been awarded capacity funding to develop delivery of work placements now, in advance of the introduction of T-Levels. This is going to plan and the College is meeting all mandatory requirements.

Prior to merger, the College of North West London developed a strategic partnership with the London Borough of Camden to deliver all the construction skills training for the Borough's new Kings Cross Development. This led to the award of Mayor's Construction Academy status and the merged College is now a key partner in the new Mayor's construction hub that stretches from Camden to Brent. The success of this partnership was endorsed by the Mayor when he launched his Skills for Londoners' programme at the College's Kings Cross centre early in 2018.

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 2017 to 31 July 2018, the College comfortably met this target. The College incurred no interest charges in respect of late payments for this period.

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 Queen's Park, 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 2018 the Group had £6.052m of net assets after £44.492m in pension liabilities (2016-17 £5.763m net assets after £46.019m in pension liabilities) and long term creditors of £94.455m (2016-17 £98.387m).

Report of the Governing Body (continued)*People*

In 2017-18 the College employed 671 people (expressed as full time equivalents; 2016-17 694), of whom 436 were teaching staff (2016-17 464).

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:

The College has a comprehensive Risk Management Policy which is reviewed, at least annually, by the Corporation. There are well established procedures for the annual preparation and review of the College's Risk Register.

The Risk Register is reviewed on a regular basis by the Risk Management Group which comprises members of the College's Senior Management Team (SMT). The Risk Register normally comprises nine categories of business risk and the College has designated a Lead Assessor, Reference Group and Monitoring Group for each area of business risk. An additional area of business risk, relating to the major building work undertaken at the College's Maida Vale site, was also monitored throughout 2017-18.

The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system which is set out in the Risk Management Policy. Internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

The Audit Committee receives termly reports on risk management, including monitoring reports on all high priority risks. The Risk Register is reviewed by the Corporation at least once every academic year and more frequently where necessary. The Corporation most recently reviewed the Risk Register in December 2018.

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

1. Government funding

The College has considerable reliance on continued government funding through the ESFA. In 2017-18, 88% (2016-17 86%) of the College's revenue was ultimately public funded and this level of requirement, although targeted to reduce, will still be substantial in the coming years.

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.

Report of the Governing Body (continued)

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;

2. Failure to achieve planned learner numbers

With 88% 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.

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;
- Impact assessments carried out of ESFA funding reforms;
- 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

The College currently pays 16.48% in employer contributions to the Teachers' Pension Scheme (TPS). The TPS has indicated that this rate is likely to increase to more than 23%; a 40% increase in costs. Any increase will take effect from April 2019, apart from in education where the increase is expected to take effect from September 2019. The College will need to take this increase into account in the next budgeting cycle.

STAKEHOLDER RELATIONSHIPS:

In line with other colleges and with 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;

Report of the Governing Body (continued)

- The local community including residents associations;
- Other FE institutions and Universities;
- Trade Unions;
- Professional bodies;
- Private training providers;
- Regeneration Agencies.

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.

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 Disability Discrimination Act 1995 and 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.

Report of the Governing Body (continued)**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 2017-18	Full-time equivalent employee number
24	21.2482

Percentage of time spent on facility time:

Percentage of time	Number of Employees
0%	-
1-50%	24
51-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	£53,262
Total pay bill	£1,084,545
Percentage of total pay bill spent on facility time	5.1%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time	4.9%
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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 17 December 2018 and signed on their behalf by:



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 2017 to 31 July 2018 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 2016 insofar as it is applicable to the further education sector.

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.

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 2018, 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, 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	Term of office	Date of resignation	Status of appointment	Committees served	Attendance overall
Ian Adams*	1 August 2017	1 year	30 June 2018	External Governor	• Sabbatical granted	n/a
Roslyn Aird	1 August 2017	1 year	30 March 2018	External Governor	• Finance & General Purposes Committee	75%
Glenys Arthur	1 August 2017	1 year	Continuing	External Governor	• Teaching, Learning & Skills Committee	100%
Afsana Begum-Mirza	1 August 2017	1 year	31 July 2018	Staff Governor (Academic)	• Teaching, Learning & Skills Committee	78%

Name	Date of appointment as Governor of UCG	Term of office	Date of resignation	Status of appointment	Committees served	Attendance overall
Peter Child	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Finance & General Purposes Committee • Strategy & Estates Committee 	73%
Keith Cowell	1 August 2017	Ex-Officio	Continuing	CEO	<ul style="list-style-type: none"> • Finance & General Purposes Committee • Teaching, Learning & Skills Committee • Search & Governance Committee • Strategy & Estates Committee 	100%
Mary Elliott	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Teaching, Learning & Skills Committee • Strategy & Estates Committee 	75%
Alexandra Fyfe	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Vice Chair of Corporation • Finance & General Purposes Committee • Remuneration Committee • Chair of Search & Governance Committee • Strategy & Estates Committee 	86%
Brenda Goring Moore	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Audit Committee • Search & Governance Committee • Strategy & Estates Committee 	71%
Simon Haben	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Chair of Remuneration Committee • Finance & General Purposes Committee • Strategy & Estates Committee 	100%
Anthony Johnston	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Chair of the Corporation • Chair of the Finance & General Purposes Committee • Chair of the Strategy & Estates Committee • Search & Governance Committee • Remuneration Committee 	100%
Jan Knight	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Teaching, Learning & Skills Committee • Remuneration Committee • Search & Governance Committee 	90%

Name	Date of appointment as Governor of UCG	Term of office	Date of resignation	Status of appointment	Committees served	Attendance overall
Simon Neville	1 August 2017	1 year	2 July 2018	External Governor	<ul style="list-style-type: none"> • Audit Committee • Strategy & Estates Committee • Remuneration Committee 	45%
John Petrie	1 August 2017	1 year	Continuing	External Governor	<ul style="list-style-type: none"> • Chair of Audit Committee 	78%
Judith Williams	1 August 2017	1 year	4 July 2018	External Governor	<ul style="list-style-type: none"> • Vice Chair of the Corporation • Chair of Teaching, Learning & Skills Committee • Remuneration Committee • Search & Governance Committee • Strategy & Estates Committee 	78%
Jayanne David	1 November 2017	1 year	31 July 2018	Student Governor	<ul style="list-style-type: none"> • Teaching, Learning & Skills Committee 	10%
Omar Zouine	1 November 2017	1 year	31 July 2018	Student Governor	<ul style="list-style-type: none"> • Teaching, Learning & Skills Committee 	20%

* Ian Adams is on sabbatical leave for one year with effect from 25 May 2017.

The Corporation did not appoint co-optees for the financial year 1 August 2017 to 31 July 2018.

Christina Price acted as the Clerk to the Corporation from 1 August 2017 to 18 January 2018. Natalie Watt acted as interim Clerk from 27 February 2018.

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 struck 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.

At the point of merger and for a transition year only the merger Board was appointed for a one year term of office. Following due consideration of the need for experienced Governors who has some institutional memory of both merger colleges it was agreed, as recommended by the Search and Governance Committee that those Governors who had served on the transition board would have their appointments confirmed for a four year term of office starting from 1 August 2018. Effectively re-setting the clock for terms of office under the newly formed United Colleges Group Corporation.

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

Statement of Corporate Governance and Internal Control (continued)

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 2017-18 academic year, seven Corporation meetings were held and one strategic planning day in January 2018.

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
- Remuneration Committee
- Search & Governance Committee
- Audit Committee
- Strategy & Estates Committee

Minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at the following address. All Corporation non confidential minutes and Committee Minutes can be downloaded from the UCG website.

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

The Clerk to the Corporation 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 for effectiveness each year.

The Clerk works full time for the Corporation and has no other post in the College. The role is fully independent from the College management structure as the Clerk reports directly to the Corporation via the Chair. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole. Interim arrangements were made and an Independent Interim Clerk was appointed to provide cover and support for the role during the absence of the permanent Clerk. A permanent appointment to the role of Director of Governance has been made effective from 2 January 2019.

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; and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with.

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 Clerk to the Corporation maintains a schedule of planned Corporation and Committee business, which ensures that key issues are considered at an appropriate time and in sequence. 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, seminars are arranged for members of the Corporation on relevant topics.

Statement of Corporate Governance and Internal Control (continued)

The Corporation undertakes an annual self-assessment exercise to identify any areas for further development and to identify the priorities for the coming year, which is used to inform the schedule of planned Corporation business. It has set itself a number of key performance indicators to measure its own performance and these are reviewed throughout the year and the targets are reviewed on an annual basis.

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 Search and Governance Committee comprising the Chair, the CEO and three governors who are responsible for the selection and nomination of any new independent member for the Corporation's consideration. The Search and Governance 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 and all new governors are provided with a mentor as part of a formal induction programme. At the time of writing this report, the Corporation had vacant positions for 2 Staff Governors and two independent Governors.

Remuneration Committee

The College's Remuneration Committee comprises four members of the Corporation (the Chair and three other governors, excluding the CEO and staff and student members). The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the CEO and other senior post holders and to act as the administrator / review body in terms of any external activity undertaken / to be undertaken by the Chair of the Corporation.

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

Audit Committee

The Audit Committee 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.

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.

Statement of Corporate Governance and Internal Control (continued)

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 the 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 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Statement of Corporate Governance and Internal Control (continued)

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 2017-18 was scrutinised by the Corporation at its meeting on 17 December 2018 after review by the Audit Committee at its meeting on 5 December 2018.

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.

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.'

Going concern

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

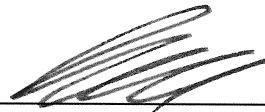
Statement of Corporate Governance and Internal Control (continued)

Prior to merger, City of Westminster College had a history of delivering operating profits before pension adjustments arising from actuarial valuations. The year of merger was always expected to be a difficult one, and a loss for the year was planned. Going forward, the College anticipates it will return to operating surpluses, and has every belief that this will continue in the foreseeable future. As at 31 July 2018 the College had a rolling credit facility of £9.5m, of which £5m was still available, until August 2019. 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.

Approved by order of the members of the Corporation on 17 December 2018 and signed on their behalf by:



Tony Johnston
Chair of Governors



Keith Cowell
CEO, Accounting Officer

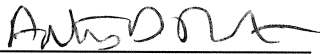
Corporation's statement on the College's regularity, propriety and compliance with the funding body terms and conditions of funding

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 ESFA terms and conditions of funding under the College's funding agreement.

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 17 December 2018 and signed on their behalf by:



Tony Johnston
Chair of Governors



Keith Cowell
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 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions*, the ESFA's college accounts direction for 2017-18 issued, and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and 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;
- 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 17 December 2018 and signed on their behalf by:



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 2018 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 2018 and of the group's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

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.

Independent auditor's report to the Corporation of United Colleges Group (continued)**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the governors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the governors' report including the strategic report has been prepared in accordance with applicable legal requirements.

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 Companies Act 2006 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
- certain disclosures of governors' remuneration specified by law are not made; 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.

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.

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

This report is made solely to the college's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

**Katharine Patel (Senior Statutory Auditor)**

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 26 December 2018

Reporting Accountant's Assurance Report on Regularity to the Corporation of United Colleges Group and Secretary of State for Education acting through the Department for Education ("the Department")

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

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

This report is made solely to the corporation of United Colleges Group and Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of United Colleges Group and the Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of United Colleges Group and the Department 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 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Reporting Accountant's Assurance Report on Regularity to the Corporation of United Colleges Group and Secretary of State for Business Innovation and Skills acting through the Skills Funding Agency (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 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Katharine Patel (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date:

20 December 2018

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 July 2018		Year ended 31 July 2017	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	45,333	45,333	44,099	44,099
Tuition fees and education contracts	3	4,532	4,532	5,278	5,277
Other income	4	1,936	1,169	1,917	1,405
Investment income	5	5	5	7	7
Total income		51,806	51,039	51,301	50,788
EXPENDITURE					
Staff costs	6	28,560	28,560	28,417	28,417
Fundamental restructuring costs	6	216	216	878	878
Other operating expenses	7	17,337	16,593	18,363	17,781
Depreciation	10	5,724	5,720	4,998	4,996
Interest and other finance costs	8	2,878	2,878	2,530	2,530
Total expenditure		54,715	53,967	55,186	54,602
Deficit before other gains and losses		(2,909)	(2,928)	(3,885)	(3,814)
Loss on the disposal of assets		-	-	-	-
Deficit before tax		(2,909)	(2,928)	(3,885)	(3,814)
Taxation		-	-	-	-
Deficit for the year	9	(2,909)	(2,928)	(3,885)	(3,814)
Actuarial gain in respect of pension schemes	23	3,198	3,198	6,952	6,952
Total comprehensive income for the year		289	270	3,067	3,138
Represented by:					
Restricted comprehensive income		-	-	(271)	(271)
Unrestricted comprehensive income		289	270	3,338	3,409
		289	270	3,067	3,138

	Note	Year ended 31 July 2018		Year ended 31 July 2017	
		Group £'000	College £'000	Group £'000	College £'000
Deficit for the year after exceptional items		(2,909)	(2,928)	(3,885)	(3,814)
Exceptional items					
FRS 102 pension adjustments: - staff costs	6,23	602	602	446	446
- interest payable	8,23	1,191	1,191	434	434
Merger transactions	13	141	141	342	342
Deficit for the year before exceptional items		(975)	(994)	(2,663)	(2,592)

The comparative figures above, and throughout these financial statements, have been restated to combine the results of the predecessor Colleges.

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 2016	(31,248)	33,673	271	2,696
Surplus / (deficit) from the income and expenditure account	(3,614)	-	(271)	(3,885)
Other comprehensive income	6,952	-	-	6,952
Transfers between revaluation and income and expenditure reserves	470	(470)	-	-
	3,808	(470)	(271)	3,067
Balance at 31 July 2017	(27,440)	33,203	-	5,763
Surplus / (deficit) from the income and expenditure account	(2,909)	-	-	(2,909)
Other comprehensive income	3,198	-	-	3,198
Transfers between revaluation and income and expenditure reserves	468	(468)	-	-
	757	(468)	-	289
Balance at 31 July 2018	(26,683)	32,735	-	6,052
College				
Balance as at 1 August 2016	(31,251)	33,673	271	2,693
Surplus / (deficit) from the income and expenditure account	(3,543)	-	(271)	(3,814)
Other comprehensive income	6,952	-	-	6,952
Transfers between revaluation and income and expenditure reserves	470	(470)	-	-
	3,879	(470)	(271)	3,138
Balance at 31 July 2017	(27,372)	33,203	-	5,831
Surplus / (deficit) from the income and expenditure account	(2,928)	-	-	(2,928)
Other comprehensive income	3,198	-	-	3,198
Transfers between revaluation and income and expenditure reserves	468	(468)	-	-
	738	(468)	-	270
Balance at 31 July 2018	(26,634)	32,735	-	6,101


The comparative figures above, and throughout these financial statements, have been restated to combine the results of the predecessor Colleges.


Balance sheets as at 31 July

	Note	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Non current assets					
Tangible fixed assets	10	149,036	149,003	152,278	152,258
Investments	11	-	-	-	-
		149,036	149,003	152,278	152,258
Current assets					
Trade and other receivables	12	1,674	1,661	2,448	2,563
Cash and cash equivalents	19	4,378	4,308	7,755	7,720
		6,052	5,969	10,203	10,283
Less: Creditors - amounts falling due within one year	14	(10,089)	(9,924)	(12,312)	(12,303)
Net current liabilities		(4,037)	(3,955)	(2,109)	(2,020)
Total assets less current liabilities		144,999	145,048	150,169	150,238
Creditors - amounts falling due after more than one year	15	(94,455)	(94,455)	(98,387)	(98,387)
Provisions					
Defined benefit obligations	20	(41,001)	(41,001)	(42,435)	(42,435)
Other provisions-Enhanced Pension liabilities	20	(3,491)	(3,491)	(3,584)	(3,584)
Total net assets		6,052	6,101	5,763	5,832
Unrestricted reserves					
Income and expenditure account		(26,683)	(26,634)	(27,440)	(27,371)
Revaluation reserve	18	32,735	32,735	33,203	33,203
		6,052	6,101	5,763	5,832
Total reserves		6,052	6,101	5,763	5,832

The comparative figures above, and throughout these financial statements, have been restated to combine the results of the predecessor Colleges.

The financial statements on pages 32 to 56 were approved for issue by the Corporation on 17 December 2018 and were signed on its behalf on that date by:


 Tony Johnston
 Chair


 Keith Cowell
 CEO

Consolidated Statement of Cash Flows

	Note	2018	2017
		£'000	£'000
Cash flows from operating activities			
Deficit for the year		(2,909)	(3,885)
Adjustment for non-cash items			
Depreciation		5,724	4,998
Decrease in stocks		-	15
Decrease in debtors		774	1,104
Decrease in creditors due within one year		(1,678)	(998)
Decrease in creditors due after one year		(3,847)	(916)
Decrease in provisions		(93)	(212)
Pension costs less contributions payable		1,764	1,677
Property strategy costs		-	381
Adjustment for investing of financing activities			
Investment income		(5)	(7)
Interest payable		1,559	1,265
Net cash flow from operating activities		1,289	3,422
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	5
Investment income		5	7
Payments made to acquire fixed assets		(2,482)	(5,325)
		(2,477)	(5,313)
Cash flows from financing activities			
Interest paid		(1,559)	(1,265)
New unsecured loans and overdrafts		4,500	7,839
Repayments of amounts borrowed		(5,130)	(4,244)
		(2,189)	2,330
(Decrease) / Increase in cash and cash equivalents in the year		(3,377)	439
Cash and cash equivalents at 1 August	19	7,755	7,316
Cash and cash equivalents at 31 July	19	4,378	7,755

Notes to the Accounts

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the College Accounts Direction for 2017 to 2018 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.

Merger and restatement of comparatives

Following the merger of City of Westminster College and the College of North West London on 1 August 2017 to form United Colleges Group, merger accounting has been followed and as a result the comparative figures have been restated to combine the results, assets and liabilities of the predecessor colleges.

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 2018.

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 2018, the College had £19.920m in loans outstanding with Barclays Bank PLC and in August 2014 the College signed a £9.5m five-year revolving credit facility, also with Barclays Bank PLC. As at 31 July 2018 the College had drawn £4.5m against this facility. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility 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) 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 Skills 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. The employer responsive funding element of the single budget allocation is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and 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.

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 quinquennial 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 using the enhanced spreadsheet provided by the funding bodies.

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 2015 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. Similarly, the College of North West London 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 25, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	11,209	11,209	11,214	11,214
Education and Skills Funding Agency - 16-18	21,614	21,614	20,692	20,692
Education and Skills Funding Agency - apprenticeships	3,645	3,645	4,349	4,349
Higher Education Funding Council	377	377	487	487
Specific grants				
Education and Skills Funding Agency - other	1,405	1,405	713	713
Releases of government capital grants	2,538	2,538	2,425	2,425
European Social Fund	750	750	555	555
Local Authority income	1,812	1,812	1,652	1,652
Merger transition grant	10	10	100	100
Bursary income	1,973	1,973	1,912	1,912
	45,333	45,333	44,099	44,099

3 Tuition fees and education contracts

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Adult education fees	1,924	1,924	2,631	2,630
Fees for FE loan supported courses	899	899	703	703
Fees for HE loan supported courses	1,207	1,207	1,138	1,138
International students' fees	164	164	112	112
Total tuition fees	4,194	4,194	4,584	4,583
Educational contracts	338	338	694	694
	4,532	4,532	5,278	5,277

4 Other income

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
School Links	312	312	547	547
Lettings income	595	273	389	274
Cockpit Theatre income	413	-	385	-
Catering income	-	-	270	270
Miscellaneous income	616	584	326	314
	1,936	1,169	1,917	1,405

5 Investment income

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Interest receivable	5	5	7	7
	5	5	7	7

6 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the College during the year, described as full time equivalents, was:

	2018 Number	2017 Number
Teaching staff	436	464
Non-teaching staff	234	230
	670	694

Staff numbers include a full time equivalent of 81 in relation to agency staff (2017: 67).

Staff costs for the above persons	2018 £'000	2017 £'000
Wages and salaries	19,229	19,935
Social security costs	1,898	1,976
Other pensions costs	4,072	4,012
Payroll subtotal	25,199	25,923
Agency staff costs	3,361	2,494
	28,560	28,417
Fundamental restructuring costs:		
- Contractual	216	808
- Non contractual	-	70
Total staff costs	28,776	29,295

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 Operating Officer, the Finance and HR Directors, and two Principals (one for CWC and one for CNWL).

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

	2018 Number	2017 Number
The number of key management personnel, including the Accounting Officer was:	7	8

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	
			2018 Number	2017 Number	2018 Number	2017 Number
£30,000	to	£40,000	1	-	n/a	n/a
£50,001	to	£60,000	-	1	n/a	n/a
£60,001	to	£70,000	-	-	7	8
£70,001	to	£80,000	-	-	5	5
£80,001	to	£90,000	1	3	-	-
£90,001	to	£100,000	1	-	-	-
£100,001	to	£110,000	-	2	-	-
£120,001	to	£130,000	2	-	-	-
£130,001	to	£140,000	-	1	-	-
£140,001	to	£150,000	1	-	-	-
£150,001	to	£160,000	1	-	-	-
£160,001	to	£170,000	-	1	-	-
			7	8	12	13

Key management personnel compensation is made up as follows:

	2018 £'000	2017 £'000
Salaries	559	700
Employers National Insurance	75	94
Benefits in kind	1	4
Long-term performance scheme	-	32
	635	830
Pension contributions	123	130
Payroll subtotal	758	960
Consultancy costs	207	95
Total key management personnel compensation	965	1,055

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:

	2018 £'000	2017 £'000
Salaries	155	149
Long-term performance scheme	-	21
	155	170
Pension contributions	26	24
Total emoluments	181	194

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 2016-17, the two separate Colleges received approval from the Charity Commission to reimburse the in-post Chairs of Governors for time spent on merger and area review activities. The amount paid in 2016-17 was £49,400 (CWC: £42,400, CNWL: £7,000). No such payments were made in 2017-18.

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

Long-term performance scheme

Prior to merger, the Governors of City of Westminster College introduced a long-term performance scheme for a number of senior post-holders. This was based on achievement of key strategic objectives of the College, and was initially to be assessed in July 2018.

However, due to the merger of City of Westminster College and the College of North West London on 1 August 2017, the long-term performance scheme assessment date was brought forward to July 2017, with payments made in August 2017.

Compensation for loss of office paid to former key management personnel

	2018 £	2017 £
Compensation paid to former post-holders	23,401	252,000

The severance payments were approved by the College's Remuneration Committee.

7 Other operating expenses

	2018	2018	2017	2017
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,013	2,013	2,583	2,583
Non teaching costs	6,970	6,226	6,582	6,032
Premises costs	3,284	3,284	3,173	3,141
Property Strategy costs	-	-	1,378	1,378
Subcontractors costs	5,070	5,070	4,647	4,647
	17,337	16,593	18,363	17,781

Other operating costs include:

	2018	2017
	£'000	£'000
Auditors' remuneration:		
Financial statements and regularity audit *	55	60
Internal audit	28	35
Services in respect of merger financial due diligence	-	64
Hire of other assets - operating leases	3	6

* represents all fees paid by College, including £3,000 for CWC Enterprises Limited (2017: £3,000)

8 Interest and other finance costs - Group and College

	2018	2017
	£'000	£'000
On bank loans, overdrafts and other loans:		
On bank loans	1,559	1,265
Net interest on defined pension liability (note 23)	1,191	1,178
Other - interest on enhanced pension	128	87
	2,878	2,530

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

	2018	2017
	£'000	£'000
College's deficit for the year	(2,928)	(3,814)
Profit / (Loss) generated by subsidaray undertaking	19	(71)
	(2,909)	(3,885)

10 Tangible fixed assets - Group

	Land and buildings			Equipment £'000	Total £'000
	Freehold £'000	New building development £'000	Long leasehold £'000		
Cost or valuation					
At 1 August 2017	57,179	99,821	12,541	16,032	185,573
Additions	5	213	998	1,266	2,482
At 31 July 2018	57,184	100,034	13,539	17,298	188,055
Depreciation					
At 1 August 2017	4,282	16,002	546	12,465	33,295
Charge for the year	902	2,445	925	1,452	5,724
At 31 July 2018	5,184	18,447	1,471	13,917	39,019
Net book value at 31 July 2018	52,000	81,587	12,068	3,381	149,036
Net book value at 31 July 2017	52,897	83,819	11,995	3,567	152,278

Tangible fixed assets - College

	Land and buildings			Equipment £'000	Total £'000
	Freehold £'000	New building development £'000	Long leasehold £'000		
Cost or valuation					
At 1 August 2017	57,179	99,821	12,541	16,007	185,548
Additions	5	213	998	1,249	2,465
At 31 July 2018	57,184	100,034	13,539	17,256	188,013
Depreciation					
At 1 August 2017	4,282	16,002	546	12,460	33,290
Charge for the year	902	2,445	925	1,448	5,720
At 31 July 2018	5,184	18,447	1,471	13,908	39,010
Net book value at 31 July 2018	52,000	81,587	12,068	3,348	149,003
Net book value at 31 July 2017	52,897	83,819	11,995	3,547	152,258

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 Investments

	2018 £	2017 £
Investment in subsidiary company	2	2
	<u>2</u>	<u>2</u>

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

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Amounts falling due within one year				
Trade debtors	660	616	698	688
Amounts owed by subsidiary undertaking	-	32	-	125
Other debtors	86	86	65	65
LEP debtor	-	-	295	295
Prepayments and accrued income	928	927	899	899
Amounts owed by ESFA	-	-	491	491
	<u>1,674</u>	<u>1,661</u>	<u>2,448</u>	<u>2,563</u>

13 Merger transactions

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Merger transition grant	10	10	100	100
Merger costs	(151)	(151)	(442)	(442)
	<u>(141)</u>	<u>(141)</u>	<u>(342)</u>	<u>(342)</u>

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	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Bank loans and overdrafts	16	836	836	1,381	1,381
Trade creditors		779	682	174	174
Capital creditors		-	-	321	321
Other taxation and social security		897	897	760	753
Accruals		2,750	2,730	3,703	3,701
Deferred income - tuition fees and other grants		463	429	644	644
Deferred income - government capital grants	17	2,515	2,515	2,499	2,499
Other creditors		1,580	1,566	1,101	1,101
Holiday pay accrual		269	269	310	310
Amount due to ESFA		-	-	1,419	1,419
		10,089	9,924	12,312	12,303

15 Creditors: amounts falling due after one year

	Note	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
Bank loans	16	23,584	23,584	23,669	23,669
Deferred income - government capital grants	17	70,871	70,871	74,718	74,718
		94,455	94,455	98,387	98,387

16 Maturity of debt**Bank, other loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	2018 Group £'000	2018 College £'000	2017 Group £'000	2017 College £'000
In one year or less	836	836	1,381	1,381
Between one and two years	5,375	5,375	4,585	4,585
Between two and five years	2,959	2,959	3,604	3,604
In five years or more	15,250	15,250	15,480	15,480
	24,420	24,420	25,050	25,050

At 31 July 2018, 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%).

At the year end, the £16m loan was secured against the College's Paddington Green Campus, and the £7.5m and £1.5m loans were secured against the College's Wembley Park Campus. On 23 August 2018, the charges against Wembley Park Campus were released and transferred to Paddington Green Campus.

In August 2014 the College signed a £9.5m five-year revolving credit facility with Barclays Bank PLC, secured against its Queen's Park Campus (at 1.65% above LIBOR). The amount drawn down against this facility at the year end was £4.5m.

17 Deferred capital grants

	Group and College		
	ESFA/LEP grants £'000	Other government £'000	Total £'000
At 1 August 2017	75,787	25	75,812
Cash received	66	47	113
Released to statement of comprehensive income	(2,510)	(29)	(2,539)
At 31 July 2018	73,343	43	73,386

18 Revaluation reserve

	Group and College	
	2018 £'000	2017 £'000
At 1 August 2017	33,203	33,673
Transfer from revaluation reserve to general reserve	(468)	(470)
At 31 July 2018	32,735	33,203

19 Cash and cash equivalents

	At 1 August 2017 £'000	Cash flows £'000	At 31 July 2018 £'000
Cash and cash equivalents	7,755	(3,377)	4,378
	7,755	(3,377)	4,378

20 Provisions

	Group and College		
	Defined benefit obligations	Enhanced pension	Total
	£'000	£'000	£'000
At 1 August 2017	42,435	3,584	46,019
Expenditure in the period	(5,161)	(249)	(5,410)
Additions in the period	3,727	156	3,883
At 31 July 2018	41,001	3,491	44,492

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

21 Capital and other commitments

	Group and College	
	2018	2017
	£'000	£'000
Commitments contracted for at 31 July	-	321

22 Lease obligations

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

	Group and College	
	2018	2017
	£'000	£'000
No later than one year	3	-
Later than one year and not later than five years	6	-
Later than five years	-	-
	9	-

23 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		2018 £'000	2017 £'000
Teachers' Pension Scheme: contributions paid		1,516	1,630
Local Government Pension Scheme:			
Contributions paid - normal	1,949		1,619
- additional	-		317
FRS 102 (28) charge	602		446
Merger costs	<u>5</u>		<u>-</u>
Charge to the Statement of Comprehensive Income		2,556	2,382
Total pension cost for the year within staff costs (note 6)		<u>4,072</u>	<u>4,012</u>

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 2012 and of the LGPS 31 March 2016. Contributions amounting to £395,000 (2017 £208,000 payable by CWC to LPFA and £210,000 payable by CNWL to BRENT) were payable to the schemes at 31 July 2018 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 2012. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

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

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

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 £1,516,000 (2017: £1,630,000)

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 2018 were £2,421,000, of which employer's contributions totalled £1,949,000 and employees' contributions totalled £487,000. The agreed contribution rates for future years are 26.9% for employers 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 2016 for City of Westminster College, updated to 31 July 2018 by a qualified independent actuary for City of Westminster College and the College of North West London.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	3.9%	3.5%
Future pensions increases	2.4%	2.6%
Discount rate for scheme liabilities	2.7%	2.7%
Inflation assumption (CPI)	2.4%	2.6%
Commutation of pensions to lump sums	n/a	50%

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

	At 31 July 2018	At 31 July 2017
<i>Retiring today</i>		
Males	21.9	21.6
Females	24.6	24.4
<i>Retiring in 20 years</i>		
Males	24.2	23.9
Females	27.0	26.4

The comparative information above represents the aggregate of City of Westminster College's funds held in the London Pension Fund Authority and the College of North West London's funds held in the Brent Local Authority Pension Fund.

Sensitivity analysis

	At 31 July 2018 £'000	At 31 July 2017 £'000
The changes in assumptions below would increase / (decrease) the net liability as follows:		
Discount rate +0.1%	(1,824)	n/a
Discount rate -0.1%	1,858	n/a
Long term salary increase +0.1%	154	n/a
Long term salary increase -0.1%	(153)	n/a
Pension increases and deferred revaluation +0.1%	1,708	n/a
Pension increases and deferred revaluation -0.1%	(1,678)	n/a
Life expectancy +1 year	3,714	n/a
Life expectancy -1 year	(3,578)	n/a

Sensitivity analysis cannot be given for the comparative year as the College of North West London's LGPS fund was managed by Brent Council. The sensitivity analysis available at 31 July 2017 from the actuaries for this fund is not comparable.

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 2018 £'000	Fair value at 31 July 2017 £'000
Equities	36,029	38,726
Target return portfolio	13,155	5,148
Infrastructure	2,955	1,118
Property	4,562	3,476
Cash	2,726	3,880
Bonds		3,400
Total	59,427	55,748
Weighted average expected long term rate of return	2.7%	2.7%
Actual return on plan assets	3,386	2,448

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

	2018 £'000	2017 £'000
Fair value of plan assets	59,427	55,746
Present value of plan liabilities	(100,393)	(98,143)
Present value of unfunded liabilities	(35)	(38)
Present value of unfunded liabilities-enhanced pension	(3,491)	(3,584)
Net pensions liability (Note 20)	(44,492)	(46,019)

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

	2018 £'000	2017 £'000
Amounts included in staff costs		
Current and past service cost	2,536	2,578
Employer contributions	(1,934)	(2,132)
	602	446
Amounts included in investment income		
Net interest income	(1,119)	(1,150)
Administration charges	(72)	(28)
	(1,191)	(1,178)

Amounts recognised in Other Comprehensive Income

	2018	2017
	£'000	£'000
Return on pension plan assets	1,876	3,493
Other actuarial gains/(losses)	-	239
Experience losses arising on defined benefit obligations	-	4,863
Changes in assumptions underlying the present value of plan assets	1,559	(3,362)
Changes in assumptions underlying demographics	(208)	1,666
	3,227	6,899
Actuarial (losses) / gains - pension enhancement	(29)	53
	3,198	6,952

Movement in net defined benefit liability during the year

	2018	2017
	£'000	£'000
Net defined benefit liability at 1 August	(42,435)	(47,710)
Movement in year:		
Current service cost	(2,536)	(2,578)
Employer contributions	1,934	2,132
Net interest on the defined liability	(1,119)	(1,150)
Actuarial gain or loss	3,227	6,899
Administration charges	(72)	(28)
Net defined benefit liability at 31 July	(41,001)	(42,435)

Asset and Liability Reconciliation

	2018	2017
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	98,181	98,546
Current service cost	2,536	2,423
Past service cost	-	155
Interest cost	2,629	2,390
Contributions by Scheme participants	487	495
Experience gains and losses on defined benefit obligations	-	(4,863)
Changes in financial assumptions	(1,559)	3,362
Changes in demographic assumptions	208	(1,666)
Estimated benefits paid	(2,050)	(2,657)
Unfunded pension payments	(4)	(4)
Defined benefit obligations at 31 July	100,428	98,181

Changes in fair value of plan assets

	2018	2017
	£'000	£'000
Fair value of plan assets at 1 August	55,746	50,836
Interest on plan assets	1,510	1,240
Return on plan assets less interest	1,876	3,493
Other actuarial gains	-	239
Employer contributions	1,934	2,132
Contributions by Scheme participants	487	495
Estimated benefits paid	(2,054)	(2,661)
Administration expenses	(72)	(28)
Fair value of plan assets at 31 July	59,427	55,746

24 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 £16,791 (2017: £23,413). 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 2016-17, the two separate Colleges received approval from the Charity Commission to reimburse the in-post Chairs of Governors for time spent on merger and area review activities. The amount paid in 2016-17 was £49,400 (CWC: £42,400, CNWL: £7,000). No such payments were made in 2017-18.

No Member of the Corporation has received any remuneration from the College or its subsidiary during the year other than the CEO and Afsana Begum-Mirza as Staff Governor.

25 Learner support funds

	2018 £'000	2017 £'000
Funding body grants - Adult loans	553	587
Funding body grants - 16-19 Vulnerable Students	-	59
	<u>553</u>	<u>646</u>
Disbursed to students	(7)	(212)
Administration costs	<u>(28)</u>	<u>(8)</u>
	(35)	(220)

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 2018, the amount shown in creditors in relation to funds held as agent is £1,354,000 (2017: £836,000).

