United Colleges Group

Annual Report and Consolidated Financial Statements

For the Year Ended 31 July 2019

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 2018-19:

Mr. Keith Cowell	Chief Executive Officer and Accounting Officer (to 31-Aug-2019)
Mr. Nick Bell	Chief Executive Officer and Accounting Officer (from 1-Sep-2019)
Mrs. Amanda Thorneycroft	Chief Operating Officer (to 31-May-2019) Chief Financial Officer (from 01-Jun-2019)
Mrs. Jacqueline Grubb	Principal (to 31-May-2019)
Mr. Stephen Davis	Principal (to 31-May-2019) Group Principal (from 01-Jun-2019)

Board of Governors

A full list of Governors is given on pages 15 to 17 of these financial statements.

Ms. Natalie Watt acted as interim Clerk to the Corporation to 5 January 2019. Ms. Zoë Lawrence acted as Director of Governance from 2 January 2019.

Professional advisers

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

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

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

Barclays Commercial Bank
1 Churchill Place
London
E14 5HP

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

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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 2019.

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. 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.

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

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 15 to 17.

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, Public Services, Science, Sport, Creative & Digital Industries and Provision for Learners with High Needs. In 2018-19, City of Westminster College's timely apprenticeship achievement and timely adult achievement rates were amongst 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 detailed business plans which are reviewed and updated annually. The Corporation monitors the performance of the College against these plans. The strategic aims in place for 2018-19 were:

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

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

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

The College has successfully turned an operating deficit in the first year of merger into an operating surplus in 2018-19. In addition, the sale of the College's Queen's Park Campus generated a significant positive cash flow in year.

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

The College has an effective Business Development team which regularly submits bids for additional income. During the course of the year, the team won a Greater London Authority (GLA) procured Adult Education contract worth £8m over 4 years for the delivery of programmes for the unemployed.

The College's Cockpit Theatre, located in Gateforth Street, is run on a commercial basis and provides a performance venue for a variety of productions, including a successful monthly Jazz Night. Income from the theatre continues to grow.

Report of the Governing Body (continued)

Lettings income across all of the College's campus sites is strong, particularly at the College's Wembley Park Campus where the addition of a new summer school has increased lettings income.

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

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

During the course of 2018-19, UCG was awarded 'Flagship College' status by Microsoft, who will be closely involved in the design stage of the College's new Wembley Park Campus.

The College continues to work closely with a large number of employers, including Crossrail, MetroNet, London Underground and Skanska, ensuring that college provision is relevant to the needs of local employers.

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

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

The College is progressing an ambitious property strategy which will bring all College campuses up to the same standard.

Over £1m was invested in extending the College's use of virtual networks across all main campuses, improving the access and speed of College systems.

On merger the College moved to one central finance system. Since then it has also moved to one HR and payroll system. New employment contracts were agreed with the recognised unions for all staff and job evaluation and harmonisation exercises are in progress.

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 'Outstanding' for 2018-19 and 2019-20. 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 £1,943,000 for the year (2017-18 deficit £2,909,000), with a total comprehensive surplus of £8,603,000 (2017-18 £289,000). Before exceptional items (i.e. pension, merger and disposal of asset adjustments) the Group made an operating surplus of £264,000 (2017-18 deficit £975,000).

At 31 July 2019, the Group had positive accumulated income and expenditure reserves of £38.319m (excluding the LGPS defined benefit pension scheme obligations) compared with £14.318m at 31 July 2018.

Report of the Governing Body (continued)

Tangible fixed asset additions during the year amounted to £3.253m which consisted of final payments relating to the College's Maida Vale Campus, professional fees in relation to the development of the new Wembley Park Campus, along with equipment purchases across the College.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018-19, the funding bodies provided 90% of the College's total income (2017-18 88%).

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 £22,000, (2017-18 a surplus of £19,000).

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 21 staff and redundancy costs amounting to £231,000 (2017-18 loss of 20 staff at a cost of £216,000).

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 £4.221m for the year (2017-18 £1,289m) was strong. Major cash outflows consisted of the servicing of the College's long term loans and capital expenditure on the College's Maida Vale and Wembley Park sites. Major cash inflows consisted of proceeds from the sale of the College's Queen's Park Campus for £23.383m after transaction costs.

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 2019 was £12.710m.
- £7.5m long term loan repayable over 24 years. The balance on this loan at 31 July 2019 was £5.334m.
- £1.5m long term loan repayable over 24 years. The balance on this loan at 31 July 2019 was £1.040m.

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. This facility was secured against the College's Queen's Park Campus and expired on 3 June 2019 when the loan was repaid.

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 2019 the College has accumulated deficits of £8.534m (after deducting pension deficits of £50.202m) in its income and expenditure account.

Going concern

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

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE:

The College continues to align the curriculum provision across all of its five campuses. Leadership and management of curriculum delivery includes checks and balances to ensure a consistent experience for all students.

Some key areas of progress in the academic year 2018-19 include:

- The introduction of a unified quality cycle across all campuses.
- Cross campus approach to lesson observations, learning walks and work scrutiny.
- Unified approach to curriculum planning and development with a college wide lead on the development and delivery of all provision including the introduction of a pilot programme for portfolio review based objective criterion referencing.
- Reporting to the Corporation as United Colleges Group rather than by legacy College.
- New Governors recruited to the Corporation bring an excellent range of experience and technical skills. This ensures that leaders and managers are challenged and that judgements made about performance use the highest of comparators.
- Leaders and managers systematically set clear and ambitious targets for improvement and are vigilant in their self-assessment.
- Partnerships enrich and provide up-to-date vocational and academic knowledge, skills and understanding for students in addition to ensuring that the curriculum offer is responsive in meeting both student and local and regional needs.
- Safeguarding procedures are robust, reporting lines are clear and good links are maintained with external agencies to ensure students are safe. Staff knowledge is current with regular CPD events and briefings.

Report of the Governing Body (continued)

As a result of this progress the College self-assesses against the new Education Inspection Framework as follows:

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

Leadership and management is self-assessed as requiring improvement as the College recognises that the new structures following merger are not yet fully embedded into the organisation to deliver the maximum impact. The College is on track to embed the new structures by the end of 2019-20.

Learner numbers

In 2018-19 the College had 3,961 16-18 learners against an allocation of 4,101. The College also recruited around 8,300 funded adult learners and nearly 320 students on HE programmes. In addition to these, 1,884 apprentices were enrolled. These recruitment numbers have remained fairly stable over the last two years.

Learner achievements

The College has continued to be a highly performing college for adult learners and timely apprenticeships. 16-18 year old achievement is targeted to improve over the medium term. With adults and apprenticeships representing 7 out of 10 learners, the College is performing in line with the national rates for these cohorts. Timely apprenticeships, at 76.1%, are well in excess of national rates.

The overall achievement rates for the past four years are as follows:

	2015-16	2016-17	2017-18	2018-19
All qualifications	86.10%	84.40%	86.90%	84.50%
16 - 18	79.60%	76.50%	78.30%	76.00%
19+	90.00%	89.00%	90.60%	88.60%

Curriculum developments

The general curriculum offer has stayed constant from 2017-18 to 2018-19. The College has been successful in its bid to pilot the second wave of T-levels for 2022. This has resulted in in-year development of longer work place opportunities for our learners, supported by the Capacity Building fund.

United Colleges Group is an accredited institution for the Mayor’s Construction Academy and is the chair and lead of the Skills Development Committee attached to the Mayor’s Construction Hubs. This shows the relevance of the College offer and the value that stakeholders place on the College contribution to delivering the Skills for Londoners programme launched by the Mayor at our King’s Cross Construction Skills Centre.

Future developments

Future development sees the partnership with the London Borough of Camden develop further with the addition of another Construction Skills Centre in the Euston area. This will double the sites where United Colleges Group works with Camden to deliver on the section 106 requirements for both King’s Cross and the High Speed Rail project based in Euston.

Report of the Governing Body (continued)

The Governors and executives have agreed a new property strategy for United Colleges Group which addresses the relatively poor quality of the College of North London's estate. Property advisers have been contracted and a deal is currently being finalised that will result in a brand new flagship campus for the College of North West London at Wembley which, with the support of Brent Council, will be at the heart of the Wembley regeneration. It is an ambitious strategy that, once planning approval is obtained, will take 5 years to complete. During those years, the College of North West London will continue to deliver provision from its current sites at Wembley Park and Willesden Green. As at 31 July 2019, the College has invested £1,350,000 in the project.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set out by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2018 to 31 July 2019, 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 Wembley Park and Maida Vale, along with the Cockpit Theatre in Gateforth Street and a Construction Skills Centre at King's Cross.

Financial
As at 31 July 2019 the Group had £14.654m of net assets after £46.583m in pension liabilities (2017-18 £6.052m net assets after £41.001m in pension liabilities) and long term creditors of £86.598m (2017-18 £94.455m).

People
In 2018-19 the College employed 626 people (expressed as full time equivalents; 2017-18 670), of whom 396 were teaching staff (2017-18 436).

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

PRINCIPAL RISKS AND UNCERTAINTIES:

1. Government Funding

The College has considerable reliance on continued government funding through the ESFA. In 2018-19, 90% (2017-18 88%) 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;
- Successful bidding for procured contracts.

2. Failure to achieve planned learner numbers

With 90% 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 paid 16.48% in employer contributions to the Teachers' Pension Scheme (TPS) throughout 2018-19. However, from 1 September 2019 this will increase to 23.68%; a 43.7% increase. The Department for Education has confirmed that FE Colleges will be reimbursed for this additional cost in the first year. Whether this will be reimbursed in the second year and beyond is still unknown, and the College will therefore 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;

Report of the Governing Body (continued)

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

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 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 2018-19	Full-time equivalent employee number
23	20

Percentage of time spent on facility time:

Percentage of time	Number of Employees
0%	-
1-50%	23
51-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	£54,766
Total pay bill of union representatives	£1,106,041
Percentage of total pay bill spent on facility time	5.0%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time	4.9%

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 18 December 2019 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 2018 to 31 July 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- In full accordance with the guidance to colleges from the Association of Colleges in 'The Code of Good Governance for English Colleges' ('the Code'); and
- Having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

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 2019, 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	End of Term of office	Date of resignation	Status of appointment	Committees served	Attendance overall
Keith Cowell	1 August 2017	31 August 2019	31 August 2019	CEO	• Finance and General Purposes Committee • Teacher, Learning and Skills Committee • Strategy and Estates Committee • Search and Governance Committee	100%
Tony Johnston (Chair)	4 July 2018	31 July 2022	Continuing	Independent Member	• Finance & General Purposes Committee • Search and Governance Committee	100%

Name	Date of appointment as Governor of UCG	End of Term of office	Date of resignation	Status of appointment	Committees served	Attendance overall
					• Strategy and Estates Committee • Remuneration Committee	
Glenys Arthur	4 July 2018	31 July 2020	Continuing	Independent Member	• Teaching, Learning & Skills Committee	100%
Franklin Asante	17 December 2018	17 December 2022	Continuing	Independent Member	• Finance & General Purposes Committee	80%
Peter Child	4 July 2018	31 July 2021	Continuing	Independent Member	• Finance & General Purposes Committee • Strategy & Estates Committee	55%
Mary Elliott	4 July 2018	31 July 2022	Continuing	Independent Member	• Teaching, Learning & Skills Committee	75%
Alex Fyfe	4 July 2018	31 July 2022	Continuing	Independent Member	• Search & Governance Committee • Strategy & Estates Committee • Finance & General Purposes Committee • Remuneration Committee	95%
Matthew Green	4 July 2018	31 July 2022	Continuing	Independent Member	• Teaching, Learning and Skills Committee	60%
Simon Haben	4 July 2018	31 July 2019	31 July 2019	Independent Member	• Finance & General Purposes Committee • Remuneration Committee • Strategy & Estates Committee	80%
Lee Horsley	4 July 2018	31 July 2022	Continuing	Independent Member	• Finance & General Purposes Committee	100%
Jan Knight	4 July 2018	31 July 2021	Continuing	Independent Member	• Teaching, Learning & Skills Committee • Remuneration Committee • Search & Governance Committee • Audit Committee	100%
John Petrie	4 July 2018	31 July 2019	31 July 2019	Independent Member	• Audit Committee	80%
Colin Smith	26 January 2019	1 January 2023	Continuing	Independent Member	• Teaching, Learning & Skills Committee	100%
Norman Whyte	17 December 2018	17 December 2022	Continuing	Independent Member	• Audit Committee	50%
Angela Drisdale-Gordon	12 December 2018	17 December 2022	Continuing	Co-opted	• Teaching, Learning & Skills Committee	100%

Name	Date of appointment as Governor of UCG	End of Term of office	Date of resignation	Status of appointment	Committees served	Attendance overall
Amish Nathwani	17 December 2018	17 December 2022	Continuing	Co-opted	• Audit Committee	100%
Cathy Bird	3 July 2019	3 July 2023	Continuing	Co-opted	• Strategy & Estates Committee	100%
Tracey Coleman	3 July 2019	31 August 2019	31 August 2019	Staff	• Teaching, Learning & Skills Committee	100%
Desmond Bishop	3 July 2019	3 July 2023	Continuing	Staff	• Teaching, Learning & Skills Committee	100%
Joshua Okakpu	17 December 2018	31 July 2019	31 July 2019	Student	• Teaching, Learning & Skills Committee	0%
Ravina Jignesh	17 December 2018	31 July 2019	31 July 2019	Student	• Teaching, Learning & Skills Committee	40%

Overall attendance at all meetings of the Corporation and its committees for 2018-19 was 93%. Ms. Natalie Watt acted as interim Clerk to the Corporation to 5 January 2019. Ms. Zoë Lawrence acted as Director of Governance from 2 January 2019.

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

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.

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 2018-19 academic year, seven Corporation meetings were held and one strategic planning day in January 2019.

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

Statement of Corporate Governance and Internal Control (continued)

Minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at the following address. All Corporation non confidential 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 Director of Governance maintains a register of financial and personal interests of the members of the Corporation and senior managers. This register is reviewed at least annually and is available for inspection at the above address. The Corporation's Standing Orders are reviewed every year. Each committee of the Corporation has terms of reference, which are also reviewed for effectiveness each year.

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

All members of the Corporation have the right to take advice from the Corporation's advisers; or if necessary, at the Corporation's expense, independent professional advisers on any matter concerning the exercise of their powers and responsibilities; and have access to the Director of Governance, 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 Director of Governance 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.

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.

Statement of Corporate Governance and Internal Control (continued)

The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years, and are eligible to stand for a second term.

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 2019 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.

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.

Statement of Corporate Governance and Internal Control (continued)

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 2019 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 2019 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.

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 2018-19 was scrutinised by the Corporation at its meeting on 18 December 2019 after review by the Audit Committee at its meeting on 4 December 2019.

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.

Statement of Corporate Governance and Internal Control (continued)

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.

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. However, as anticipated, the College returned to operating surpluses in the second year of merger, and has every belief that this will continue in the foreseeable future. As at 31 July 2019 the College had cash and cash equivalents of £21.869m. 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 18 December 2019 and signed on their behalf by:

Tony Johnston
Chair of Governors

Nick Bell
CEO, Accounting Officer

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

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

We confirm on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the 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 18 December 2019 and signed on their behalf by:

Tony Johnston
Chair of Governors

Nick Bell
CEO, Accounting Officer

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the ESFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions*, the ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Group and the College and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 18 December 2019 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 2019 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 2019 and of the group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent college and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report including the strategic report.

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

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

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

In preparing the financial statements, the governors are responsible for assessing the group's and the parent college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the group or the parent college or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report
This report is made solely to the college's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the college's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college and the college's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Date: 20 December 2019

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 2018 to 31 July 2019 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 2018 to 31 July 2019 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 Education acting through the Department for Education (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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Date: 20 December 2019

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 July 2019		Year ended 31 July 2018	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	45,318	45,318	45,333	45,333
Tuition fees and education contracts	3	3,188	3,188	4,532	4,532
Other income	4	1,826	994	1,936	1,169
Investment income	5	9	9	5	5
Total income		**50,341**	**49,509**	**51,806**	**51,039**
EXPENDITURE					
Staff costs	6	27,086	27,086	28,560	28,560
Fundamental restructuring costs	6	231	231	216	216
Other operating expenses	7	16,373	15,571	17,337	16,593
Depreciation	10	5,801	5,794	5,724	5,720
Interest and other finance costs	8	2,793	2,793	2,878	2,878
Total expenditure		**52,284**	**51,475**	**54,715**	**53,967**
Deficit before other gains and losses		**(1,943)**	**(1,966)**	**(2,909)**	**(2,928)**
Profit on the disposal of assets	10	14,200	14,200	-	-
Surplus / (deficit) before tax		**12,257**	**12,234**	**(2,909)**	**(2,928)**
Taxation		-	-	-	-
Surplus / (deficit) for the year	9	**12,257**	**12,234**	**(2,909)**	**(2,928)**
Actuarial (loss) / gain in respect of pension schemes	23	(3,654)	(3,654)	3,198	3,198
Total comprehensive income for the year		**8,603**	**8,580**	**289**	**270**
Represented by:					
Restricted comprehensive income		-	-	(271)	(271)
Unrestricted comprehensive income		8,603	8,580	560	541
		8,603	**8,580**	**289**	**270**

		Note	Year ended 31 July 2019		Year ended 31 July 2018	
			Group	College	Group	College
			£'000	£'000	£'000	£'000
Surplus / (deficit) for the year after exceptional items			**12,257**	**12,234**	**(2,909)**	**(2,928)**
Exceptional items						
FRS 102 pension adjustments:	- staff costs	6,23	1,048	1,048	602	602
	- interest payable	8,23	1,140	1,140	1,191	1,191
Merger transactions		13	19	19	141	141
Profit on the disposal of assets			(14,200)	(14,200)	-	-
Surplus / (deficit) for the year before exceptional items			**264**	**241**	**(975)**	**(994)**

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 2017	(27,441)	33,203	-	**5,762**
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	(26,684)	32,735	-	**6,051**
Surplus from the income and expenditure account	12,257	-	-	**12,257**
Other comprehensive income	(3,654)	-	-	**(3,654)**
Transfers between revaluation and income and expenditure reserves	9,547	(9,547)	-	**-**
	18,150	(9,547)	-	**8,603**
Balance at 31 July 2019	**(8,534)**	**23,188**	**-**	**14,654**
College				
Balance as at 1 August 2017	(27,372)	33,203	-	**5,831**
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**
Surplus from the income and expenditure account	12,234	-	-	**12,234**
Other comprehensive income	(3,654)	-	-	**(3,654)**
Transfers between revaluation and income and expenditure reserves	9,547	(9,547)	-	**-**
	18,127	**(9,547)**	-	**8,580**
Balance at 31 July 2019	**(8,507)**	**23,188**	**-**	**14,681**

Balance sheets as at 31 July

	Note	2019	2019	2018	2018
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Non current assets					
Tangible fixed assets	10	137,304	137,273	149,036	149,003
		137,304	**137,273**	**149,036**	**149,003**
Current assets					
Trade and other receivables	12	1,772	1,685	1,674	1,661
Cash and cash equivalents	19	21,869	21,838	4,378	4,308
		23,641	**23,523**	**6,052**	**5,969**
Less: Creditors - amounts falling due within one year	14	(9,491)	(9,315)	(10,089)	(9,924)
Net current assets / (liabilities)		**14,150**	**14,208**	**(4,037)**	**(3,955)**
Total assets less current liabilities		**151,454**	**151,481**	**144,999**	**145,048**
Creditors - amounts falling due after more than one year	15	(86,598)	(86,598)	(94,455)	(94,455)
Provisions					
Defined benefit obligations	20	(46,853)	(46,853)	(41,001)	(41,001)
Other provisions-Enhanced Pension liabilities	20	(3,349)	(3,349)	(3,491)	(3,491)
Total net assets		**14,654**	**14,681**	**6,052**	**6,101**
Unresticted reserves					
Income and expenditure account		(8,534)	(8,507)	(26,683)	(26,634)
Revaluation reserve	18	23,188	23,188	32,735	32,735
		14,654	**14,681**	**6,052**	**6,101**
Total reserves		**14,654**	**14,681**	**6,052**	**6,101**

The financial statements on pages 28 to 52 were approved for issue by the Corporation on 18 December 2019 and were signed on its behalf on that date by:

Tony Johnston
Chair

Nick Bell
CEO and Accounting Officer

Consolidated Statement of Cash Flows

	Note	2019	2018
		£'000	£'000
Cash flows from operating activities			
Surplus / (deficit) for the year		12,257	(2,909)
Adjustment for non-cash items			
Depreciation		5,801	5,724
(Increase) / decrease in debtors		(98)	774
Decrease in creditors due within one year		(638)	(1,678)
Decrease in creditors due after one year		(2,482)	(3,847)
Decrease in provisions		(142)	(93)
Pension costs less contributions payable		2,198	1,764
Adjustment for investing of financing activities			
Investment income		(9)	(5)
Interest payable		1,533	1,559
Profit on the sale of fixed assets		(14,200)	-
Net cash flow from operating activities		**4,221**	**1,289**
Cash flows from investing activities			
Proceeds from sale of fixed assets		23,383	-
Investment income		9	5
Payments made to acquire fixed assets		(3,253)	(2,482)
		20,139	**(2,477)**
Cash flows from financing activities			
Interest paid		(1,533)	(1,559)
New unsecured loans and overdrafts		5,665	4,500
Repayments of amounts borrowed		(11,001)	(5,130)
		(6,869)	**(2,189)**
Increase / (decrease) in cash and cash equivalents in the year		**17,491**	**(3,377)**
Cash and cash equivalents at 1 August	19	4,378	7,755
Cash and cash equivalents at 31 July	19	21,869	4,378

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 2018 to 2019 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom on Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, CWC Enterprises Limited, which is controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of the subsidiary are included in the consolidated income and expenditure account. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2019.

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 2019, the College had £19.084m 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. During the course of the year the College drew £3.799m against this facility. However, following the sale of the College's Queen's Park Campus on 3 June 2019, this was fully repaid and the facility has been closed. The College's forecasts and financial projections indicate that it will be able to generate operating surpluses and operate within its remaining banking facilities for the foreseeable future and make repayments as they fall due.

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

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants (ESFA) 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. It should be noted that the College sold its Queen's Park site in 2018-19, the disposal of which can be seen in Note 10 – Tangible fixed assets.

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 2019. 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

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	11,374	11,374	11,209	11,209
Education and Skills Funding Agency - 16-18	23,245	23,245	21,614	21,614
Education and Skills Funding Agency - apprenticeships	3,176	3,176	3,645	3,645
Office for students (Higher Education Funding Council)	324	324	377	377
Specific grants				
Education and Skills Funding Agency - other	-	-	1,405	1,405
Releases of government capital grants	2,546	2,546	2,538	2,538
European Social Fund	590	590	750	750
Local Authority income	2,454	2,454	1,812	1,812
Merger transition grant	-	-	10	10
Bursary income	1,609	1,609	1,973	1,973
	45,318	**45,318**	**45,333**	**45,333**

3 Tuition fees and education contracts

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Adult education fees	1,170	1,170	1,924	1,924
Fees for FE loan supported courses	742	742	899	899
Fees for HE loan supported courses	949	949	1,207	1,207
International students' fees	140	140	164	164
Total tuition fees	3,001	3,001	4,194	4,194
Educational contracts	187	187	338	338
	3,188	**3,188**	**4,532**	**4,532**

4 Other income

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
School Links	250	250	312	312
Lettings income	609	166	595	273
Cockpit Theatre income	381	1	413	-
Miscellaneous income	586	577	616	584
	1,826	**994**	**1,936**	**1,169**

5 Investment income

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Interest receivable	9	9	5	5
	9	**9**	**5**	**5**

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:

	2019 Number	2018 Number
Teaching staff	396	436
Non-teaching staff	230	234
	626	**670**

Staff numbers include a full time equivalent of 75 in relation to agency staff (2017-18: 81).

Staff costs for the above persons		2019 £'000	2018 £'000
Wages and salaries		18,080	19,229
Social security costs		1,782	1,898
Other pensions costs		4,183	4,072
Payroll subtotal		**24,045**	**25,199**
Agency staff costs		3,041	3,361
		27,086	**28,560**
Fundamental restructuring costs:	- Contractual	231	216
Total staff costs		**27,317**	**28,776**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Chief Executive Officer, the Chief Financial Officer, and two Principals (one for CWC and one for CNWL).

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

	2019 Number	2018 Number
The number of key management personnel, including the Accounting Officer was:	4	7

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	
			2019 Number	2018 Number	2019 Number	2018 Number
£35,001	to	£40,000	-	1	n/a	n/a
£60,001	to	£65,000	-	1	5	5
£65,001	to	£70,000	-	-	4	2
£70,001	to	£75,000	-	-	-	4
£75,001	to	£80,000	-	-	1	1
£80,001	to	£85,000	-	-	1	-
£90,001	to	£95,000	-	2	-	-
£95,001	to	£100,000	1	-	-	-
£115,001	to	£120,000	1	-	-	-
£120,001	to	£125,000	1	1	-	-
£140,001	to	£145,000	-	1	-	-
£150,001	to	£155,000	1	1	-	-
			4	7	11	12

Key management personnel compensation is made up as follows:

	2019	2018
	£'000	£'000
Salaries	491	559
Employers National Insurance	63	75
Benefits in kind	2	1
	556	**635**
Pension contributions	93	123
Payroll subtotal	**649**	**758**
Consultancy costs	-	207
Total key management personnel compensation	**649**	**965**

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:

	2019	2018
	£'000	£'000
Salaries	155	155
	155	**155**
Pension contributions	26	26
Total emoluments	**181**	**181**

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

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

The Accounting Officer's basic salary and total remuneration as a multiple of the median of all staff is 6.6 times the median, which was £23,569 (2017-18 6.4 times the median, which was £24,332).

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

In 2018-19, the College received approval from the Charity Commission to reimburse the in-post Chair of Governors for Trustee duties over and above those considered to be within the normal voluntary role of the Chair. The amount paid in 2018-19 was £4,320. 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 Governors, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

It should be noted that Mr. Keith Cowell acted as CEO and Accounting Officer throughout 2018-19. However, he stepped down from this position on 31 August 2019 and was replaced by Mr. Nick Bell.

Compensation for loss of office paid to former key management personnel

	2019	2018
	£	£
Compensation paid to former post-holders	-	23,401

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

7 Other operating expenses

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Teaching costs	1,696	1,697	2,013	2,013
Non teaching costs	7,181	6,378	6,970	6,226
Premises costs	3,466	3,466	3,284	3,284
Subcontractors costs	4,030	4,030	5,070	5,070
	16,373	**15,571**	**17,337**	**16,593**

Other operating costs include:

	2019 £'000	2018 £'000
Auditors' remuneration:		
Financial statements and regularity audit *	51	55
Internal audit	35	28
Hire of other assets - operating leases	3	3

* 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

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:		
On bank loans	1,533	1,559
Net interest on defined pension liability (note 23)	1,140	1,191
Other - interest on enhanced pension	120	128
	2,793	**2,878**

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

	2019 £'000	2018 £'000
College's deficit for the year	12,235	(2,928)
Profit generated by subsidiray undertaking	22	19
	12,257	**(2,909)**

10 Tangible fixed assets - Group

	Land and buildings				
	Freehold	Assets under construction	Leasehold	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2018	157,026	192	13,539	17,298	188,055
Additions	-	1,158	833	1,262	3,253
Disposals	(10,483)	-	-	(549)	(11,032)
At 31 July 2019	**146,543**	**1,350**	**14,372**	**18,011**	**180,276**
Depreciation					
At 1 August 2018	23,631	-	1,471	13,917	39,019
Charge for the year	3,286	-	983	1,532	5,801
Disposals	(1,374)	-	-	(474)	(1,848)
At 31 July 2019	**25,543**	**-**	**2,454**	**14,975**	**42,972**
Net book value at 31 July 2019	**121,000**	**1,350**	**11,918**	**3,036**	**137,304**
Net book value at 31 July 2018	133,395	192	12,068	3,381	149,036

Tangible fixed assets - College

	Land and buildings				
	Freehold	Assets under construction	Leasehold	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2018	157,026	192	13,539	17,256	188,013
Additions	-	1,158	833	1,256	3,247
Disposals	(10,483)	-	-	(549)	(11,032)
At 31 July 2019	**146,543**	**1,350**	**14,372**	**17,963**	**180,228**
Depreciation					
At 1 August 2018	23,631	-	1,471	13,908	39,010
Charge for the year	3,286	-	983	1,510	5,779
Disposals	(1,374)	-	-	(460)	(1,834)
At 31 July 2019	**25,543**	**-**	**2,454**	**14,958**	**42,955**
Net book value at 31 July 2019	**121,000**	**1,350**	**11,918**	**3,005**	**137,273**
Net book value at 31 July 2018	133,395	192	12,068	3,348	149,003

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

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

	2019	2018
	£	£
Investment in subsidiary company	2	2
	2	**2**

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

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

12 Debtors

	2019 Group	2019 College	2018 Group	2018 College
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	875	843	660	616
Amounts owed by subsidiary undertaking	-	(41)	-	32
Other debtors	47	47	86	86
Prepayments and accrued income	850	836	928	927
	1,772	**1,685**	**1,674**	**1,661**

13 Merger transactions

	2019 Group	2019 College	2018 Group	2018 College
	£'000	£'000	£'000	£'000
Merger transition grant	-	-	10	10
Merger costs	(19)	(19)	(151)	(151)
	(19)	**(19)**	**(141)**	**(141)**

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	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Bank loans and overdrafts	16	875	875	836	836
Trade creditors		741	643	779	682
Other taxation and social security		800	800	897	897
Accruals		2,185	2,145	2,750	2,730
Deferred income - tuition fees and other grants		505	475	463	429
Deferred income - government capital grants	17	2,475	2,475	2,515	2,515
Other creditors		1,641	1,633	1,580	1,566
Holiday pay accrual		269	269	269	269
		9,491	**9,315**	**10,089**	**9,924**

15 Creditors: amounts falling due after one year

	Note	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
Bank loans	16	18,209	18,209	23,584	23,584
Deferred income - government capital grants	17	68,389	68,389	70,871	70,871
		86,598	**86,598**	**94,455**	**94,455**

16 Maturity of debt

Bank, other loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
In one year of less	875	875	836	836
Between one and two years	933	933	5,375	5,375
Between two and five years	3,128	3,128	2,959	2,959
In five years or more	14,148	14,148	15,250	15,250
	19,084	**19,084**	**24,420**	**24,420**

At 31 July 2019, 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 31 July 2018, 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). During the course of the year, the College drew £3.799m against this facility. Following the sale of the College's Queen's Park Campus on 3 June 2019, this was fully repaid and the facility was closed.

17 Deferred capital grants

	Group and College		
	ESFA/LEP grants	Other government	Total
	£'000	£'000	£'000
At 1 August 2018	73,343	43	73,386
Cash received	-	23	23
Released to statement of comprehensive income	(2,510)	(35)	(2,545)
At 31 July 2019	**70,833**	**31**	**70,864**

18 Revaluation reserve

	Group and College	
	2019	2018
	£'000	£'000
At 1 August 2018	32,735	33,203
Transfer from revaluation reserve to general reserve	(9,547)	(468)
At 31 July 2019	**23,188**	**32,735**

19 Cash and cash equivalents

	At 1 August 2018	Cash flows	At 31 July 2019
	£'000	£'000	£'000
Cash and cash equivalents	4,378	17,491	21,869
	4,378	**17,491**	**21,869**

20 Provisions

	Group and College		
	Defined benefit obligations	Enhanced pension	Total
	£'000	£'000	£'000
At 1 August 2018	41,001	3,491	44,492
Expenditure in the period	1,870	(253)	1,617
Additions in the period	3,982	111	4,093
At 31 July 2019	**46,853**	**3,349**	**50,202**

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	
	2019	2018
	£'000	£'000
Commitments contracted for at 31 July	-	-

22 Lease obligations

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

	Group and College	
	2019	2018
	£'000	£'000
No later than one year	3	3
Later than one year and not later than five years	3	6
Later than five years	-	-
	6	**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		**2019**		**2018**
		£'000		£'000
Teachers' Pension Scheme: contributions paid		1,381		1,516
Local Government Pension Scheme:				
Contributions paid - normal	1,754		1,949	
- additional	-		-	
FRS 102 (28) charge	1,048		602	
Merger costs	-		5	
Charge to the Statement of Comprehensive Income		2,802		2,556
Total pension cost for the year within staff costs (note 6)		**4,183**		**4,072**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2016. Contributions amounting to £350,000 (2018: £395,000) were payable to the schemes at 31 July 2019 and are included within creditors.

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer plan. The College is unable to identify its share of underlying assets and liabilities of the plan.

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) on April 2019. The key results of the valuation are:

- new employer contribution rates were set at 23.68% of pensionable pay (compared to 16.48% during 2018/19);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198,600 million giving a notional past service deficit of £22,000 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 will be implemented from September 2019 onwards. The DFE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £1,381,000 (2018: £1,516,000).

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 2019 were £2,192,000, of which employer's contributions totalled £1,754,000 and employees' contributions totalled £437,000. 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 2019 by a qualified independent actuary for United Colleges Group

	At 31 July 2019	**At 31 July 2018**
Rate of increase in salaries	3.90%	3.85%
Future pensions increases	2.40%	2.35%
Discount rate for scheme liabilities	2.10%	2.65%
Inflation assumption (CPI)	2.40%	2.35%
Commutation of pensions to lump sums	n/a	n/a

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

	At 31 July 2019	**At 31 July 2018**
Retiring today		
Males	20.9	21.9
Females	23.6	24.6
Retiring in 20 years		
Males	22.6	24.2
Females	25.4	27.0

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 2019	**At 31 July 2018**
	£'000	£'000
The changes in assumptions below would increase / (decrease) the net liability as follows:		
Discount rate +0.1%	(2,034)	(1,824)
Discount rate -0.1%	2,075	1,858
Long term salary increase +0.1%	190	154
Long term salary increase -0.1%	(188)	(153)
Pension increases and deferred revaluation +0.1%	1,877	1,708
Pension increases and deferred revaluation +0.1%	(1,842)	(1,678)
Life expectancy +1 year	4,089	3,714
Life expectancy -1 year	(3,939)	(3,578)

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 2019 £'000	Fair value at 31 July 2018 £'000
Equities	35,216	36,029
Target return portfolio	16,414	13,155
Infrastructure	3,704	2,955
Property	5,888	4,562
Cash	3,409	2,726
Bonds	-	-
Total	**64,631**	**59,427**
Weighted average expected long term rate of return	**2.1%**	**2.7%**
Actual return on plan assets	**5,887**	**3,386**

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

	2019 £'000	2018 £'000
Fair value of plan assets	64,631	59,427
Present value of plan liabilities	(111,350)	(100,393)
Present value of unfunded liabilities	(134)	(35)
Present value of unfunded liabilities-enhanced pension	(3,349)	(3,491)
Net pensions liability (Note 20)	**(50,202)**	**(44,492)**

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

	2019 £'000	2018 £'000
Amounts included in staff costs		
Current and past service cost	2,842	2,536
Employer contributions	(1,794)	(1,934)
	1,048	**602**
Amounts included in investment income		
Net interest income	(1,063)	(1,119)
Administration charges	(77)	(72)
	(1,140)	**(1,191)**

Amounts recognised in Other Comprehensive Income

	2019	2018
	£'000	£'000
Return on pension plan assets	4,308	1,876
Other actuarial losses	(916)	-
Experience losses arising on defined benefit obligations	(119)	-
Changes in assumptions underlying the present value of plan assets	(12,346)	1,559
Changes in assumptions underlying demographics	5,409	(208)
	(3,664)	**3,227**
Actuarial gains / (losses) - pension enhancement	10	(29)
	(3,654)	**3,198**

Movement in net defined benefit liability during the year

	2019	2018
	£'000	£'000
Net defined benefit liability at 1 August	(41,001)	(42,435)
Movement in year:		
Current service cost	(2,842)	(2,536)
Employer contributions	1,794	1,934
Net interest on the defined liability	(1,063)	(1,119)
Actuarial gain or loss	(3,664)	3,227
Administration charges	(77)	(72)
Net defined benefit liability at 31 July	**(46,853)**	**(41,001)**

Asset and Liability Reconciliation

	2019	2018
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	100,428	98,181
Current service cost	2,248	2,536
Past service cost	594	-
Interest cost	2,642	2,629
Contributions by Scheme participants	446	487
Experience gains and losses on defined benefit obligations	119	-
Changes in financial assumptions	12,346	(1,559)
Changes in demographic assumptions	(5,409)	208
Estimated benefits paid	(1,918)	(2,050)
Unfunded pension payments	(12)	(4)
Defined benefit obligations at 31 July	**111,484**	**100,428**
Changes in fair value of plan assets		
Fair value of plan assets at 1 August	59,427	55,746
Interest on plan assets	1,579	1,510
Return on plan assets less interest	4,308	1,876
Other actuarial gains	(916)	-
Employer contributions	1,794	1,934
Contributions by Scheme participants	446	487
Estimated benefits paid	(1,930)	(2,054)
Administration expenses	(77)	(72)
Fair value of plan assets at 31 July	**64,631**	**59,427**

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 £9,508 (2017-18: £16,791). This represents travel and subsistence expenses, mobile phone charges and other out of pocket expenses incurred in attending Corporation meetings, College events and conferences in their official capacity.

In 2018-19, the College received approval from the Charity Commission to reimburse the in-post Chair of Governors for Trustee duties over and above those considered to be within the normal voluntary role of the Chair. The amount paid in 2018-19 was £4,320. 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 Chair, the CEO and Accounting Officer, and two Staff Governors.

25 Learner support funds

	2019	**2018**
	£'000	£'000
Funding body grants - Adult loans	37	553
Funding body grants - 16-19 Vulnerable Students	-	-
	37	553
Disbursed to students	-	(7)
Administration costs	(2)	(28)
	(2)	(35)

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 2019, the amount shown in creditors in relation to funds held as agent is £1,079,000 (2018: £1,354,000).