

**NEWHAM
COLLEGE
LONDON**

**Annual Report and Financial Statements
Year ended 31 July 2022**

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Reference and Administrative Details

Key Management Personnel, Board of Governors and Professional Advisers

Board of Governors

Martin Cumella, Chair of Board of Governors

A full list of Governors is given on pages 15-16

Clerk to the Corporation

Judith Nelson

Key Management Personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following:

Paul Stephen	Principal and Accounting Officer & CEO
Judith Abbott	Chief Operating Officer
Jamie Purser	Deputy Principal Performance, Quality & Inclusion
Matt Fawcett	Executive Director, Strategy & Innovation (resigned on 30/11/2022)

Principal and Registered Office	East Ham Campus High Street South London E6 6ER
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Professional Advisors

Financial statements auditors and reporting accountants	RSM UK Audit LLP, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire MK9 1BP
Internal Auditors	Scrutton Bland Fitzroy House, Crown Street, Ipswich, Suffolk IP1 3LG
Bankers	Lloyds Bank PLC East Ham Branch, 14 High Street North, London E6 2HN
Solicitors	Eversheds Sutherland Ltd Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES
Actuaries	Barnett Waddingham LLP London Wall Place, 2, 123 London Wall, London EC2Y 5AU

STRATEGIC REPORT

The governing body present their annual report together with the financial statements and auditor's report for Newham College for the year ended 31 July 2022.

OBJECTIVES AND STRATEGIES

Legal status

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

Mission, Vision, Strategy and Objectives

The College has after consulting with stakeholders developed a new strategic plan for 2022-2027.

College mission statement

The mission of the College is to develop the skills, confidence and qualifications for local people to lead rich lives and build great careers.

College values

Newham College is a values-driven organisation, committed to a culture of integrity and living by the Nolan Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

In consultation with staff and students we have articulated our values around aspiration.

College Values

- 
- A** **Ambitious** – *We are highly ambitious for our students and staff with a relentless drive for excellence in everything we do.*
 - S** **Successful** – *We build resilience and determination to achieve great results, celebrating individual and collective success.*
 - P** **Professional** – *We foster high levels of professional standards, with an emphasis on integrity and accountability.*
 - I** **Innovative** – *We strive to be at the forefront of innovation for education, skills and employment.*
 - R** **Respectful** – *We celebrate our inclusive and diverse culture, valuing our students, staff and stakeholders.*
 - E** **Engaging** – *We are committed to developing partnerships, listening to students, staff and employers to inform our decision making.*

College strategy

There are four commitments – the key building blocks - that Newham College will develop over the next four years:

1. As a strong **anchor institution**, we will play a prominent role in supporting our local communities to thrive
2. We will create **pathways to great careers** in Newham and East London through expert teaching of a modern, relevant curriculum focused on the strongest opportunities for sustainable employment
3. We will actively pursue local, regional and national **collaboration** to meet London's social and economic challenges
4. We will run the college efficiently to deliver **financial sustainability and investment** in our staff, physical and virtual infrastructure

Resources

The college employs 443 people, of whom 184 are teaching staff.

The college enrolled approximately 8,819 students. The college's student population included 1,627 16-to-18-year-old students, 184 apprentices, 97 pre-16 students and 6,911 adult learners.

The college has £32.3 million (2021: £0.86 million of net liabilities) of net assets including £3.8 million defined benefit pension liability (2021: £32.9 million) and long-term debt of £16.6 million (2021: £4.8 million).

Tangible resources include the 2 main college sites, East Ham Campus and Stratford Campus. The college also holds £13,017k cash at bank as at 31 July 2022 (2021: £8,919k).

The college has a good reputation locally and nationally. In its most recent Ofsted Inspection in October 2022, it was rated Good and was the first college nationally to be assessed as making a strong contribution to meeting skills needs (the highest possible rating for this new area of assessment).

Stakeholders

The College has many stakeholders including:

- its current, future and past students
- its staff and their trade unions such as UCU & GMB. The senior management team are named on page 3.
- the local employers it works with, such as BARTS National Health Trust
- Queen Mary University, with whom it is partnering on an Institute of Technology
- London Borough of Newham
- The Newham Chamber of Commerce
- Greater London Authority (GLA)
- Education and Skills Funding Agency (ESFA)

The College recognises the importance of the relationships with its stakeholders and is in regular communication with them through the College internet site and by meetings.

Public benefit

Newham College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15 and 16. In setting and reviewing the college's strategic objectives, the Governing Body 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 identifiable public benefits through the advancement of education to approximately 8,819 students, including 179 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The college adjusts its courses to meet the needs of local employers and provides training to 184 apprentices.

The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial Review

The group generated a deficit from operations of £640k (2021: deficit of £605k) with total income of £36,056k (2021: £37,299k). The group received 82% of its total income for 2021/22 from grants from funding bodies, most notably from the Greater London Authority for adult provision and the Education and Skills Funding Agency for 16-18 provision. The decline in performance from the prior year was largely due to a decrease in adult education fees from £2,524k in 2020/21 to £859k in 2021/22 and reduced other grants from £1,563k in 2020/21 to £813k in 2021/22. There has been a corresponding decrease in total expenditure from £37,904k to £36,760k, but this has not fully offset the decrease in income.

The college's main assets are its freehold campuses East Ham and Stratford. During the year, a stand-alone building at Stratford campus ('F' Block), was sold and a final payment of £2,430k (90%) was received in September 2021. The proceeds are being reinvested in the refurbishment/replacement of several blocks of the Stratford campus; a three-year programme that will deliver state of the art learning facilities to students at the college.

The college has not taken out any new loans in the year to finance its ongoing operations.

The group's financial health for 2021/22 has been assessed as 'Outstanding' versus a target of 'Good'. The group posted a positive EBITDA, has low bank borrowings and a strong cash balance.

At the balance sheet date, the group held net current assets of £5,301k (2021: £2,450k) and net assets of £37,164k (2021: £5,708k), which includes a defined benefit pension liability of £3,793k (2021: £32,896k).

Cash flows and liquidity

At £4,779k, (2021: £5,714k) net cash inflow generated from operations remained strong. The decrease from the prior year is primarily due to higher non-pay costs combined with non-recurrence of some Covid-related grants.

During the year the college continued its capital investment programme. The costs of £15,518k incurred in 2021/22 were met by various capital grants match funded from college reserves including some of the disposal proceeds from the sale of 'F' Block.

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 of cost of servicing debt and operating cash flow. During the year this cushion was sizeable; the interest paid of £7k was clearly exceeded comfortably by the net cash inflow from operations £4,779k.

Developments

Group tangible and intangible fixed asset additions during the year amounted to £15,516k. This was split between buildings improvements of £1,121k, equipment purchases of £1,347k and assets in the course of construction of £13,048k. The latter related primarily to the college share of the Institute of Technology, a joint venture with Queen Mary University, together with a T Levels refurbishment of Stratford G Block including the creation of 4 state of the art science laboratories and classroom upgrades. Both these facilities came into use in September 2022. The most significant fixed asset addition in-year was the creation of a suite of advanced digital facilities including cyber lab, immersive room and VR/AR learning zone at East Ham, funded by a Higher Technical Education Provider Growth Fund grant together with college match funding.

Reserves

The group has accumulated reserves of £37,164k (2021: £5,708k) and cash and short-term investment balances (cash) of £13,058k (2021: £9,022k). The group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements including match funding for capital grant-funded projects currently under way and for future capital grant applications.

Sources of income

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22, GLA/ESFA provided 82% (2021: 79%) of the group's total income and 84% (2021: 81%) of the College's total income.

Group Companies

As at 31 July 2022 balance sheet date, the College had 4 subsidiary companies:

- Digital Skills Solutions (DSS) – Recorded a breakeven position (2021: deficit of £104k)
- Learning Revolution Trust – recorded a surplus of £6.0k (2021: deficit of £5.8k) against income generated of £33.8k (2021: £23.6k)
- Newham Foundation – recorded a breakeven position
- The Fashion & Textile Museum – did not trade

All DSS Ltd activity has now been assimilated into the College with a view to dissolving the entity in due course.

FUTURE PROSPECTS

Future developments

The college has been working in partnership with Queen Mary University of London for some time, to launch the London City Institute of Technology (IoT), a £28m flagship facility in London City Island that opened to learners in September 2022 with further investment in the building taking place during 2022-23. The IoT, which includes close links with key employers, the Greater London Authority and the London Borough of Newham, is funded by grants from the DfE and GLA. It will specialise in delivering higher technical education and apprenticeships in a range of STEM occupations, including specialisms in engineering, digital and construction. Programmes on offer will range from level 3 to level 6.

During 2021-22, the College secured five significant capital grants to improve its run-down estate. These are a T Levels Capital Fund Wave (TLCF) 3 project for £1.9 million including 50% match funding and two FE Capital Transformation Fund projects for £10.9 million including 30% match funding (Stratford campus) and £6.3 million including 30% match funding (East Ham Campus), and two TLCF Wave 4 applications for a combined £3.8 million including 33% match funding. Part of the match funding will be contributed from ring-fenced proceeds from the sale of F Block which completed in September 2021, with the remainder from college general cash reserves. The total value of the five projects is £22.9 million with grant funding of £15.5 million and match funding of £7.4 million over the next three years.

This substantial investment is long overdue to address some of the considerable capital maintenance backlogs and continue the journey of estates transformation.

In 2022-23, as a member of the Green Academy Partnership, the College will receive a grant for investment in a range of green technology/equipment, funded from the ESFA Strategic Development Fund, to provide appropriate facilities to enable skills training for green jobs.

The college also continues to invest in its facilities and IT equipment, funded from its own reserves, hence a detailed annual capital budget for minor self-funded works has been prepared. It is reduced in scope versus recent years due to heavy investment in match funding for major capital projects. It will however enable continuation of phased works already started to address the considerable estates capital maintenance backlog and to continue replacement of IT equipment.

The simplification of the college group structure that started during 2019/20 will continue in 2022/23, with the strike off from Companies House of DSS Ltd once the annual accounts have been signed and filed.

Financial Plan

The college governors approved a financial plan in July 2022 which sets objectives for the period to July 2023. The college/group aims to achieve:

- a financial health rating of 'Good';
- a positive EBITDA and small operating surplus;
- 96 cash days in hand at balance sheet date;
- staff costs at or below 61.1% of income generated.

Adult education main grant budget increased in the year to 31 July 2022 and is anticipated to increase in 2022/23. Funded learner numbers for 16-19 are down in 2022/23 compared against 2021/22 from 2,006 to 1,752.

Treasury policies and objectives

The college has treasury management arrangements in place to manage cash flow, banking arrangements and the risks associated with those activities. Where it has cash reserves in excess of immediate need, the College transfers funds to higher interest deposit accounts. It has this year opened a Green Deposit Account as part of its sustainability initiatives. All borrowing requires the authorisation of the Corporation.

The college is confident that existing loans taken out will be repaid in accordance with the scheduled repayment plan. It has also been in discussion with Barclays Bank for some months regarding a revolving credit facility to manage working capital fluctuations during the build phase of its various planned capital projects.

Reserves policy

The college has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities. The college group's reserves include £nil (2021: £nil) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £10,553k (2021: -£20,903k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the college level which is reviewed at every meeting by the Audit & Risk Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

**NEWHAM COLLEGE OF FURTHER EDUCATION
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The main risk factors affecting the college are outlined below along with the action taken to minimise them. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

Risk No.	Risk	Control / Mitigating Actions
1	Failure to generate a sustainable EBITDA surplus, sustain "Good" financial health, avoid bank covenant breaches and build reserves for re-investment in future initiatives.	The College has budgeted for an EBITDA surplus of £2.2 million for 2022/23 which will be closely monitored via various measures including management accounts and funding returns.
2	Failure to recruit and retain sufficient students across all funding streams in a competitive environment	Revised schools engagement strategy – actively engaging with >30 schools; running 'have a go' days; new Marketing Director; revised prospectus to be more aspirational; rebased curriculum to grow higher levels and mapped to LMI data.
3	Failure to make progress towards medium to long term estates generation	The College has secured significant capital funding from the DfE's FE Capital Transformation Fund and from the T Levels Capital Fund Wave 4. Delivery of these projects will make significant progress on estates regeneration
4	Failure to manage cash flow to meet obligations as they fall due and optimise future investments	Daily/monthly cash flow forecasting; use this information to manage payments if necessary and to inform capacity for expenditure for the remainder of the year.
5	Failure to develop or attract and retain optimum number of appropriately skilled staff at the right costs and the reflect the diverse community that we serve	A new HR director was recruited with a focus on continuous systems and process improvement; improve staff journey from recruitment /onboarding to performance and development; reward staff fairly; ensure staff costs structure remains within FE commissioner benchmarks and budget.

Streamlined Energy and Carbon Reporting

The college is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Replacement of all lighting with LED at the Fashion & Textile Museum.
- Replacement of worn-out windows and roof of G Building at Stratford Campus with latest standard double glazing and insulated roofing which will reduce carbon emissions
- The College has now secured several capital grants to improve the estate condition, which will all further reduce emissions over the next 2 years e.g. through replacement of single glazed windows, insulating roofs, cavity wall insulation, implementing zero carbon technologies for heating certain buildings etc.

The College's greenhouse gas emissions and energy use for the period are set out below:

UK Greenhouse gas emissions and energy use data for the period	1 August 2021 to 31 July 2022	1 August 2020 to 31 July 2021
Energy consumption used to calculate emissions (kWh)	7,872,640	7,714,051
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	1,030	1,014
Owned transport	0	<1
Total	1,031	1,015
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	0	0
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	0	0
Electricity distribution/transmission	39	61
Total gross emissions in metric tonnes CO2e	1,070	1,076
<u>Intensity ratio</u>		
Metric tonnes CO2e per £m revenue	29.72	29.72

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity ratio

The chosen intensity measurement ratio is tCO₂e per £1m revenue

KEY PERFORMANCE INDICATORS

The college group's key performance indicators, targets and result are set out below.

Key performance indicator	Measure / Target	Actual for 2021/22
Operating surplus*	£350k or above	£1,784k
Adjusted Current Ratio	1.33 : 1.00	1.97
EBITDA as % of income	6.29%	10.96%
Cash Days	96	154
Health Ratio	Good	Outstanding

*Before pension adjustment

Student achievements

Students continue to prosper at the college. Achievement rates remained high in 2021/22, students moved into employment, further or higher education after they completed college. Student progression into university from L3 and Access are in line with national benchmark.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of the later of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College aims to pay suppliers promptly. All payments are in line with effective cash flow management within the College group. During the accounting period 1 August 2021 to 31 July 2022, the College paid 96 per cent of its invoices within 30 days and/or within Corporation approved policy. The College incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

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, 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's Equality Policy is published on the college's Intranet site. The College is working towards the Investors in Diversity accreditation.

The college publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The college has committed to the principles and objectives of the Disability Confident standard. The college considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues via support through specialist services and making reasonable workplace adjustments where possible. The college's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The college has achieved accreditation to the Investors in People (IiP) standard at the gold level. The college also conducts regular Equality & Diversity training for all staff. Refresher training and training for new starters is carried out on an ongoing basis.

In 2022, the College achieved Living Wage Foundation accreditation and has implemented the recommended rates for 2023 with effect from October 2022. This will improve the wages of staff in the lowest quartile of the pay range.

Gender pay gap reporting

	Year ending 31 March 2022
Mean gender pay gap	3.54%
Median gender pay gap	10.25%
Mean bonus gender pay gap	N/A
Median gender bonus gap	N/A
Proportion of males/females receiving a bonus	N/A

	Males	Females
1. Lower quartile	34.91%	65.09%
2. Lower middle quartile	33.99%	66.01%
3. Upper middle quartile	42.60%	57.40%
4. Upper quartile	49.54%	50.46%

The College publishes its annual gender pay gap report on its website.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the college will take every opportunity to improve access.
- b) The college has appointed an individual responsible for assessing and meeting access and inclusion needs, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment which the college can make available for use by students and a range of assistive technology is available from the Additional Learning Support team.
- d) The college admits all learners regardless of disability if it can meet their needs. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The college has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are several student support assistants who can provide a variety of support for learning. There is a continuing review of changing needs to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described on college website/in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- g) Signposting to counselling and welfare services is included in the College Induction and Student Handbook.

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.

Relevant union officials

Numbers of employees who were relevant union officials during the period	FTE employee number
4	0.40

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1-50%	4
51-99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	£18,590
Total pay bill	£18,748k
Percentage of total bill spent on facility time	0.1%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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GOING CONCERN

The Corporation is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the College's ability to continue as a going concern.

In reaching this conclusion the Corporation has made an assessment of the College's ability to continue as a going concern and has taken into account all available information about the future, including the 2 year Financial Plan submitted to the ESFA on 31st July 2022.

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

EVENTS AFTER THE REPORTING PERIOD

None to report.

DISCLOSURE OF INFORMATION TO AUDITORS

The members 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 auditors are 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 auditors are aware of that information.

Approved by order of the Members of the Corporation on 13 December 2022 and signed on its behalf by:



M Cumella
CHAIR OF THE BOARD

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”)

In the opinion of the Governors, the College complies with and in some case exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. The Governing Body 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 of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2015, which it formally adopted in September 2016.

THE CORPORATION

Members of the Corporation

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

Name	Date of appointment	Current Term of office	Date of resignation	Status of appointment	Committees Served	Board Attendance
Paul Stephen	<ul style="list-style-type: none"> • July 2017 	-	-	Principal & CEO / Accounting Officer		100%
Martin Cumella	<ul style="list-style-type: none"> • February 2014 • Reappointed July 2017 • Appointed as Corporation Chair March 2019 	3 rd Term 9 years	-	Independent Governor	<ul style="list-style-type: none"> • Corporation Board Chair • Chair: Search / Remuneration Committees • Member: Finance & Resources Committee 	75%
Lorraine Reader	<ul style="list-style-type: none"> • September 2017 • Reappointed July 2020 	2 nd Term	22/03/2022	Independent Governor	<ul style="list-style-type: none"> • Member: Finance & Resources Committee 	-

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Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees Served	Board Attendance In 2021/22
David Surdeau	<ul style="list-style-type: none"> December 2015 Reappointed December 2018 	3 rd Term 7 years	01/08/2022	Independent Governor	<ul style="list-style-type: none"> Corporation Board Vice Chair Chair: Finance & Resources Committee 	25%
Lloyd Johnson	<ul style="list-style-type: none"> September 2017 Reappointed July 2020 	2 nd Term 5 years	-	Independent Governor	<ul style="list-style-type: none"> Member: Student Consultative Forum Member: Audit and Risk Committee 	25%
Mubin Ahmed	<ul style="list-style-type: none"> October 2018 Reappointed July 2020 	2 nd Term 4 years	-	Staff Governor	<ul style="list-style-type: none"> Member: Student Consultative Forum 	50%
Bobby Seagull	<ul style="list-style-type: none"> March 2019 	1 st Term 3 years	19/07/2022	Independent Governor	<ul style="list-style-type: none"> Member: Finance & Resources Committee Member: Curriculum & Quality Committee Member: Student Voice 	33%
James Beckles	<ul style="list-style-type: none"> March 2019 	1 st Term 3 years	21/09/2022	Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee Member: Student Voice 	75%
Irfan Umarji	<ul style="list-style-type: none"> March 2019 	1 st Term 3 years	-	Independent Governor	<ul style="list-style-type: none"> Chair: Audit & Risk Committee 	75%
Richard Matovu	<ul style="list-style-type: none"> December 2019 	1 st Term 2 years	31/07/2022	Student Governor	<ul style="list-style-type: none"> Member: Student Voice 	25%
Ammar Mamoodi	<ul style="list-style-type: none"> December 2020 	1 st Term 2 years	31/07/2022		<ul style="list-style-type: none"> Member: Student Voice 	50%
Danny Ridgeway	<ul style="list-style-type: none"> December 2020 	1 st Term 2 years		Independent Governor	<ul style="list-style-type: none"> Corporation Board Vice Chair Chair: Curriculum & Quality Committee Member: Finance & Resources Committee 	75%
Joanne Roxburgh	<ul style="list-style-type: none"> December 2020 	1 st Term 2 years		Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee 	100%
Pam Rowe	<ul style="list-style-type: none"> December 2020 	1 st Term 2 years		Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee Member: Audit & Risk Committee Safeguarding Lead Governor 	75%
Trina Sarkar	<ul style="list-style-type: none"> December 2020 	1 st Term 1 year		Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee 	50%
Geoffrey Makstutis	<ul style="list-style-type: none"> December 2021 	1 st Term		Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee 	100%
Gurjit Kahlon	<ul style="list-style-type: none"> December 2021 	1 st Term	01/12/2022	Independent Governor	<ul style="list-style-type: none"> Member: Audit & Risk Committee 	-
Femi Olatidoye	<ul style="list-style-type: none"> December 2021 	1 st Term		Independent Governor	<ul style="list-style-type: none"> Member: Finance & Resources Committee 	100%
Sarah Thomas	<ul style="list-style-type: none"> May 2022 	1 st Term		Independent Governor	<ul style="list-style-type: none"> Member: Finance & Resources Committee 	100%

The Governance framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets four times per annum plus a residential conference.

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 Search Committee; Remuneration Committee; Audit & Risk Committee; Finance & Resources Committee; Curriculum & Quality Committee; and Student Voice. A record of meeting / notes and actions, except those deemed to be confidential by the Corporation, are available on the college's website www.newham.ac.uk or from the clerk to the Corporation at the college's registered address.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the college's registered address.

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

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

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

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

Appointments to the Corporation

Any new member appointments to the corporation are a matter for the consideration of the corporation as a whole. The Corporation has a search committee, consisting of three members of the corporation, which is responsible for the selection and recommendation of any new member for the corporation's consideration. 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 three years and a maximum of three terms.

Corporation performance

The corporation will carry out a self-assessment of its own performance which will be reviewed and lead by the incoming corporation chair during 2022/23.

Corporation performance is reviewed regularly and includes Financial Performance Reviews, Quality and Teaching training, Self-Assessment Report (SAR), Annual Self-Assessment. A considerable focus on Corporate Performance has ensured College Performance has been significantly improved across a number of key areas within the College. This focus will continue during 2022/23 following the recent 'Good' Ofsted inspection as the college continues the journey to achieve OFSTED 'Outstanding' performance.

Remuneration Committee

Throughout the year ending 31 July 2022 the college's Remuneration Committee comprised three members of the corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2022 are set out in note 8 to the financial statements.

Audit & Risk Committee

The Audit & Risk Committee comprises three members of the corporation (excluding the Accounting Officer and Chair) and a co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The college's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & Risk 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 & Risk Committee also advises the corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the corporation.

The Audit & Risk Committee met three times in the year to 31 July 2022. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Irfan Umarji	3
Lloyd Johnson	3
Pam Rowe (safeguarding governor)	3
John Turnbull (external co-opted member)	3

Search Committee

The Search Committee meets three times a year, or as required, to consider and make recommendations concerning the filling of any vacancy on the Board or its committees. It also considers and makes recommendations to the Board on the Board's composition in terms of skills, experience and balance. It has a membership of up to seven: Chair, Accounting Officer, 2 Board members and up to 3 co-opted members.

Finance & Resources Committee

The Finance & Resources Committee is required, by agreement, to consider the College's accommodation strategy and capital programme and make recommendations to the Board, on appointments, procurement strategy, contracts and progress. Its membership consists of six corporation members and up to two co-optees.

Curriculum & Quality Committee

The Curriculum & Quality Committee meets three times a year with the purpose of considering quality improvement strategies, including the setting of targets for student retention, achievement and forms views about how best to achieve the College's strategy of meeting the needs of Newham residents. Its membership consists of four Governors and one co-opted member.

The Student Voice

The Student Consultative Forum meets three times a year and gives students an opportunity to ask senior post-holders and Governors questions about the quality of the teaching and learning within College. Membership consists of four governors including the student governors.

INTERNAL CONTROL

Scope of responsibility

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

The corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Newham College and the funding bodies. He is also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is 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 Newham College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

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 and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding 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 ending 31 July 2022 and up to the date of approval of the annual report and accounts. 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 governing body
- regular reviews by the governing body 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 & risk committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The corporation has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation by identifying, evaluating and managing risk in order to judge the materiality of the impact these could pose on key operations.

Based on the strategic plan, the Executive Board undertakes a comprehensive review of the risks to which the College is exposed. The Executive Board identifies systems and procedures, including specific preventable actions to mitigate any potential impact on the College. The internal controls are implemented and the subsequent year's appraisal reviews their effectiveness and progress against risk mitigation actions.

Control weakness identified

The internal auditors did not identify any significant financial control weaknesses or failures during the 2021/22 audit programme.

Responsibilities under funding agreements

The corporation has met its contractual responsibilities under its funding agreements and contracts with the ESFA by submitting the required data and working closely with the ESFA on all matters financial.

Statement from the Audit & Risk Committee

The Audit & Risk committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit & Risk Committee in 2021/22 and up to the date of the approval of the financial statements are:

- Internal audits conducted by Scrutton Bland
 - Apprenticeship Recruitment, Progression and Employer Engagement – interim audit, Reasonable Assurance;
 - Health and Safety – Reasonable Assurance
 - High Needs Learning Support – Significant Assurance
 - Subcontracting (a mandatory condition of funding) – Significant Assurance
 - Estates Management – Significant Assurance
- Specialist cyber security audits and penetration testing by JISC
- Internal Funding Audit and Compliance Manager in-depth reviews (Adult Education funding; Advanced Loan funding; Learner Attendance; Awarding Body registrations; Conditions of funding; Free school meals; High needs learners and EHCPs; ILR outcomes and grades; and Study Programmes)

All of the agreed internal audit programme work by Scrutton Bland and JISC was carried out by remote working.

Review of effectiveness

As Accounting Officer, the Principal 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 auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit & Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

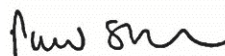
The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2022 meeting, the corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2022.

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

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:



Martin Cumella
CHAIR OF THE BOARD



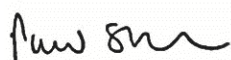
Paul Stephen
ACCOUNTING OFFICER

Statement on the College's regularity, propriety and compliance

As accounting officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm, on behalf of the Corporation, that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contracts with the ESFA or any other public funder.

I 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.



Paul Stephen

Accounting Officer

13 December 2022

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Martin Cumella

Chair of the Board

13 December 2022

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

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

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

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

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

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 relevant legislation including the Further Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation 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 and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 13 December 2022 and signed on its behalf by:



Martin Cumella
CHAIR OF THE BOARD

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF NEWHAM COLLEGE OF FURTHER EDUCATION

Opinion

We have audited the financial statements of Newham College of Further Education (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2022 which comprise the consolidated and College statement of comprehensive income, the consolidated and College balance sheets, the consolidated and College statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's and the College'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.
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 and college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

NEWHAM COLLEGE OF FURTHER EDUCATION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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 NEWHAM COLLEGE OF FURTHER EDUCATION

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' Accounts Direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 2 to the accounts, has been materially misstated.

Responsibilities of the Corporation of Newham College of Further Education

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 23 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF NEWHAM COLLEGE OF FURTHER EDUCATION

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operate in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 20 September 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire MK9 1BP
Date: 16 December 2022

RSM UK Audit LLP


**NEWHAM COLLEGE OF FURTHER EDUCATION
CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME AND
EXPENDITURE**

	Notes	2022		2021	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	29,626	29,611	29,469	29,336
Tuition fees and education contracts	3	3,290	3,290	3,924	3,744
Other grants and contracts	4	813	813	1,563	1,561
Other income	5	2,289	1,507	2,267	1,474
Investment income	6	3	3	9	9
Donations and Endowments	7	35	35	67	67
Total Income		36,056	35,259	37,299	36,191
Expenditure					
Staff costs	8	19,801	19,728	20,384	20,128
Other operating expenses	9	13,876	13,673	12,419	11,991
Depreciation and amortisation	11	2,473	1,958	4,587	4,051
Interest and other finance costs	10	610	610	514	514
Total Expenditure		36,760	35,969	37,904	36,684
Deficit before other gains and losses		(704)	(710)	(605)	(493)
Profit on disposal of tangible fixed assets		64	64	-	-
Deficit before tax		(640)	(646)	(605)	(493)
Taxation		-	-	-	-
Deficit for the year		(640)	(646)	(605)	(493)
Re-measurement of net defined benefit pension liability		32,096	32,096	3,080	3,080
Other Comprehensive income for the year		32,096	32,096	3,080	3,080
Total Comprehensive income for the year		31,456	31,450	2,475	2,587

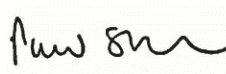
**NEWHAM COLLEGE OF FURTHER EDUCATION
CONSOLIDATED AND COLLEGE BALANCE SHEETS
AS AT 31 JULY 2022**

	Notes	2022		2021	
		Group £'000	College £'000	Group £'000	College £'000
Fixed assets					
Intangible assets	11	87	87	149	149
Tangible assets	11	56,272	47,498	45,736	36,445
Investments	12	-	1,089	-	1,212
		<u>56,359</u>	<u>48,674</u>	<u>45,885</u>	<u>37,806</u>
Current assets					
Debtors	13	1,336	1,348	1,539	1,531
Cash at bank and in hand		13,058	13,017	9,022	8,919
		<u>14,394</u>	<u>14,365</u>	<u>10,561</u>	<u>10,450</u>
Current liabilities					
Creditors - amounts falling due within one year	14	9,093	8,661	8,111	7,616
		<u>5,301</u>	<u>5,704</u>	<u>2,450</u>	<u>2,834</u>
Net current assets					
Total assets less current liabilities		61,660	54,378	48,335	40,640
Creditors - amounts falling due after one year	15	19,006	16,578	7,606	4,759
Provisions for liabilities					
Defined benefit pension scheme	17	3,793	3,793	32,896	32,896
Other provisions	17	1,697	1,697	2,125	2,125
Total net assets		<u>37,164</u>	<u>32,310</u>	<u>5,708</u>	<u>860</u>
Unrestricted reserves					
Income and Expenditure reserve		10,553	10,199	(20,903)	(21,251)
Revaluation reserve		26,611	22,111	26,611	22,111
Total Reserves		<u>37,164</u>	<u>32,310</u>	<u>5,708</u>	<u>860</u>

The financial statements on pages 27 to 54 were approved and authorised for issue by the Corporation on 13 December 2022 and were signed on its behalf on that date by:



M Cumella
CHAIR OF THE BOARD



P Stephen
ACCOUNTING OFFICER

**NEWHAM COLLEGE OF FURTHER EDUCATION
CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2022**

	Income and expenditure reserves £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2020	(23,378)	26,611	3,233
Deficit for the year	(605)	-	(605)
Other comprehensive income	3,080	-	3,080
Total comprehensive income for the year	<u>2,475</u>	<u>-</u>	<u>2,475</u>
Balance at 31 July 2021	(20,903)	26,611	5,708
Deficit for the year	(640)	-	(640)
Other comprehensive income	32,096	-	32,096
Total comprehensive income for the year	<u>31,456</u>	<u>-</u>	<u>31,456</u>
Balance at 31 July 2022	<u>10,553</u>	<u>26,611</u>	<u>37,164</u>
College			
Balance at 1 August 2020	(23,838)	22,111	(1,727)
Deficit for the year	(493)	0	(493)
Other comprehensive income	3,080	0	3,080
Total comprehensive income for the year	<u>2,587</u>	<u>0</u>	<u>2,587</u>
Balance at 31 July 2021	(21,251)	22,111	860
Deficit for the year	(646)	0	(646)
Other comprehensive income	32,096	0	32,096
Total comprehensive income for the year	<u>31,450</u>	<u>0</u>	<u>31,450</u>
Balance at 31 July 2022	<u>10,199</u>	<u>22,111</u>	<u>32,310</u>

**NEWHAM COLLEGE OF FURTHER EDUCATION
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 JULY 2022**

	Notes	2022 £'000	2021 £'000
Operating activities			
Cash generated from operations	18	4,779	5,714
Net cash generated from operations		<u>4,779</u>	<u>5,714</u>
Investing activities			
Interest received		3	9
Capital grants received		1,015	1,961
Proceeds from sale of fixed assets		2,431	270
Purchase of tangible and intangible fixed assets		(3,787)	(4,050)
		<u>(338)</u>	<u>(1,810)</u>
Financing activities			
Interest paid		(7)	(20)
Proceeds of new borrowings		-	151
Repayments of borrowings		(398)	(321)
		<u>(405)</u>	<u>(190)</u>
Increase in cash and cash equivalents in the year		<u>4,036</u>	<u>3,714</u>
Cash and cash equivalents at beginning of the year		9,022	5,308
Cash and cash equivalents at end of the year		<u>13,058</u>	<u>9,022</u>

Analysis of changes in net debt

	1 August 2021 £'000	Cash flow £'000	Other non cash movement £'000	31 July 2022 £'000
Cash at bank and in hand	9,022	4,036	-	13,058
Bank loans	398	-	(113)	285
Debt due within one year	398	-	(113)	285
Bank loans	1,044	(398)	113	759
Debt due after one year	1,044	(398)	113	759
Total	<u>7,580</u>	<u>4,434</u>	<u>-</u>	<u>12,014</u>

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021/22 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been applied consistently to both years.

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries (as per Note 12), 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 subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits 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 2022.

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill where relevant) is recognised income and expenditure as a gain or loss on disposal.

Reduced disclosures

The College has taken advantage of the exemption from disclosing the following information in its college only accounts, as permitted by the reduced disclosure regime within FRS102:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flows and related notes and disclosures.

Going concern

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

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

The group and college currently has £1m of loans outstanding with bankers. The terms of the existing loans are for up to 15 years. The Group and College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The financial position of the Group and College remains sound and all known factors affecting the forward year (including ability to repay loans and manage pensions deficit) were taken into account within the budget setting process for 2023. This is expected to enable the Group and College to return a surplus position in 2023 and achieve 'good' financial health (Outstanding in 2022), whilst meeting its bank covenants. Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

Recognition of income

Revenue grant funding

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

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

Grants (including research 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.

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

London Borough of Newham Pension Fund (LGPS)

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

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

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

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 a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at cost/deemed 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 FRS102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are stated at cost or deemed cost for buildings held at valuation at the date of transition to FRS 102, less accumulated depreciation and accumulated impairment losses.

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

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

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.

Equipment

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Depreciation on other assets is calculated, using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

Freehold buildings and improvements	– 15 to 30 years
Long Leasehold land and buildings	– the remaining lease term
Furniture and equipment	– 7 years
Computer equipment	– 5 years
Motor vehicles	– 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

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.

Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to Statement of Comprehensive income on a straight-line basis over their useful lives, and for purchased computer software this is 5 years.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st 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 minimum lease payments) at the inception of the lease.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. 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.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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 around 3% of the 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.

One of the College's subsidiary companies 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.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

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 that reflects the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

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

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

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. FUNDING BODY GRANTS

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent Grants				
Greater London Authority - adult education budget	14,716	14,716	12,888	12,888
Education & Skills Funding Agency - adult education budget	986	986	1,658	1,540
Education & Skills Funding Agency - 16-18 Office for Students	13,464	13,464	13,501	13,501
	-	-	212	212
Specific Grants				
AEB (GLA) COVID Response Funding	-	-	613	613
Teachers' Pension Scheme contribution grant	376	376	414	414
Release of Government Capital Grants	84	69	183	168
Total	29,626	29,611	29,469	29,336

3. TUITION FEES AND EDUCATION CONTRACTS

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Adult Education Fees	206	206	1,264	1,084
Fees for FE Loan Supported Courses	622	622	1,178	1,178
Fees for OfS Loan Supported Courses	31	31	82	82
	859	859	2,524	2,344
Education Contracts	2,431	2,431	1,400	1,400
Total	3,290	3,290	3,924	3,744

The above figures for 2022 include fees of £622k (2021: £1,178k) paid by employers of students.

4. OTHER GRANTS AND CONTRACTS

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
European Commission	411	411	475	475
Other grants and contracts	402	402	802	802
Coronavirus Job Retention Scheme grant	-	-	286	284
	813	813	1,563	1,561

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

The corporation furloughed (e.g. catering staff) under the government's Coronavirus Job Retention Scheme. The funding received of £286k in 2021 relates to staff costs which are included within the staff costs note below as appropriate.

5. OTHER INCOME

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Rent receivable	89	89	81	81
Retail income	710	710	324	324
Release from deferred capital grants (non ESFA)	1,018	493	1,064	539
Miscellaneous income	472	215	798	530
	2,289	1,507	2,267	1,474

6. INVESTMENT INCOME

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Other interest receivable	3	3	9	9
	3	3	9	9

7. DONATIONS

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Unrestricted donations	35	35	67	67
	35	35	67	67

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

8. STAFF COSTS - GROUP AND COLLEGE

The average number of persons (including key management personnel) employed by the Group during the year, expressed as average headcount and calculated on a monthly basis, was:

GROUP	2022	2021
	No.	No.
Teaching Staff	184	203
Non-teaching Staff	259	283
	443	486

COLLEGE	2022	2021
	No.	No.
Teaching Staff	184	201
Non-teaching Staff	258	281
	442	482

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	13,236	13,163	13,688	13,495
Social security costs	1,376	1,376	1,315	1,302
Other pension costs	4,209	4,209	4,426	4,420
Payroll sub-total	18,821	18,748	19,429	19,217
Contracted out staffing costs	699	699	756	734
	19,520	19,447	20,185	19,951
Restructuring costs				
- Contractual	281	281	199	177
Total staff costs	19,801	19,728	20,384	20,128

8 STAFF COSTS – GROUP AND COLLEGE (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the College and are represented the Executive Team which comprises the Principal and other senior post-holders, please see page 3 for details.

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

	2022	2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>4</u>

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

	Key Management personnel		Other Staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £65,000	-	-	4	1
£65,001 to £70,000	-	-	-	1
£70,001 to £75,000	-	-	-	2
£75,001 to £80,000	-	-	5	2
£80,001 to £85,000	-	-	4	3
£85,001 to £90,000	-	-	3	-
£95,001 to £100,000	-	-	2	1
£100,001 to £105,000	-	2	-	-
£110,001 to £115,000	1	-	-	-
£120,001 to £125,000	1	-	-	-
£125,001 to £130,000	1	1	-	-
£170,001 to £175,000	-	1	-	-
£175,001 to £180,000	1	-	-	-
	4	4	18	10

Key management personnel (including the Accounting Officer) emoluments are made up as follows:

	2022	2021
	£'000	£'000
Basic Salary	540	510
Pension contributions	69	65
Total emoluments	610	575

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

8 STAFF COSTS – GROUP AND COLLEGE (continued)

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. His pay and remuneration are as follows:

	2022	2021
	£'000	£'000
Salaries	175	174
Pension contributions	25	25
Total	201	199

The remuneration of the Accounting Officer was determined on 17 July 2018 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2022 included pay increases for other staff, performance against personal objectives; performance of the organisation; sector data on pay of accounting officers and benchmarking comparison to the broader market.

A similar approach was to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2022	2021
	No	No
Basic salary as a multiple of median basic salary of staff	5.4	5.5
Total remuneration as a multiple of median total remuneration of staff	4.8	4.9

Members of the Corporation remuneration

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as Governors.

No expenses were paid to Governors.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

9. OTHER OPERATING EXPENSES

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	8,451	8,451	7,849	7,736
Non teaching costs	2,779	2,718	1,773	1,715
Premises costs	2,645	2,504	2,797	2,540
Total	13,876	13,673	12,419	11,991

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Deficit is stated after charging:				
Auditor's remuneration:				
Financial statements audit:				
- Audit of Group/ College	84	84	80	80
- Audit of Subsidiaries	8	-	9	-
- Non-Audit Services	27	27	10	10
Internal audit	24	24	36	36
Operating lease rentals	252	252	218	105

10. INTEREST PAYABLE AND OTHER FINANCE COSTS

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans, overdrafts and other loans	7	7	16	16
Unwinding of discounts in relation to enhanced pensions	34	34	29	29
Net interest on defined pension liability (note 21)	569	569	469	469
	610	610	514	514

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

11. INTANGIBLE FIXED ASSETS (GROUP AND COLLEGE)

	Group Software & website costs £'000	College Software & website costs £'000
Cost		
At 1 August 2021	499	499
At 31 July 2022	499	499
Amortisation		
At 1 August 2021	350	350
Charge for year	62	62
At 31 July 2022	412	412
Net book value		
At 31 July 2022	87	87
Net book value		
At 31 July 2021	149	149

11. TANGIBLE FIXED ASSETS (GROUP)

	Land & Buildings	Furniture & Equipment	Computer Equipment	Assets in the course of construction	Total
	Freehold £'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 August 2021	97,176	2,496	2,394	-	102,066
Additions	1,121	185	1,162	13,048	15,516
Disposals	(5,209)	(10)	(12)	-	(5,231)
At 31 July 2022	93,088	2,671	3,544	13,048	112,351
Depreciation					
At 1 August 2021	54,180	963	1,187	-	56,331
Charge for year	1,713	171	527	-	2,410
Eliminated in respect of disposals	(2,640)	(10)	(12)	-	(2,662)
At 31 July 2022	53,253	1,124	1,702	-	56,079
Net book value					
At 31 July 2022	39,835	1,547	1,842	13,048	56,272
Net book value					
At 31 July 2021	42,996	1,534	1,207	-	45,736

Included above is land with a value of £29,500,000 (2021: £29,500,000).

If the land was stated at the historical cost amount it would be included at a value of £2,539,169 (2021: £2,539,169).

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

11. TANGIBLE FIXED ASSETS (COLLEGE ONLY)

	Land & Buildings	Furniture & Equipment	Computer Equipment	Assets in the course of construction	Total
	Freehold				
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 August 2021	79,811	2,028	2,267	-	84,107
Additions	1,121	186	1,163	13,049	15,518
Disposals	(5,209)	(10)	(12)	-	(5,231)
At 31 July 2022	75,722	2,205	3,418	13,049	94,394
Depreciation					
At 1 August 2021	46,104	499	1,059	-	47,662
Charge for year	1,198	171	527	-	1,896
Eliminated in respect of disposals	(2,640)	(10)	(12)	-	(2,662)
At 31 July 2022	44,662	660	1,574	0	46,896
Net book value					
At 31 July 2022	31,060	1,545	1,844	13,049	47,498
Net book value					
At 31 July 2021	33,707	1,529	1,208	0	36,445

On transition to FRS 102 land with a carrying value of £24,000k was revalued to fair value and the fair value has been treated as deemed cost at that date. If the land was stated at the historical cost amount it would be included at a carrying value of £1,889k.

Buildings with a net book value of £29,784k were impaired at 31 July 2014 by £15,984k. £7,615k of this impairment was written off to the Revaluation Reserve with the remaining £8,369k being debited to the income and expenditure reserve. On a historical cost basis these assets would have been included at a cost of £53,449k with accumulated depreciation of £27,043k.

Land and buildings with a net book value of £3,703k (2021: 4,342k) have been funded and inherited from local authority sources.

Included in the tangible fixed assets is £2,794k (2021: £2,996k) net book value for items funded by Government and European capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds to the Education and Skills Funding Agency or use them in accordance with the financial memorandum with the Education and Skills Funding Agency.

If inherited land and buildings had not been revalued, they would have been included at the following historical cost amounts:

	£'000
Cost	28,050
Aggregate depreciation based on cost	22,455
Net book value based on cost	<u>5,595</u>

12. FIXED ASSET INVESTMENTS

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Other assets in subsidiary undertakings	-	1,089	-	1,212
	-	1,089	-	1,212

The College has an interest in 4 companies namely, Newham Foundation, Digital Skills Solutions Limited, Learning Revolution Trust, The Fashion and Textile Museum.

- The registered office of Newham Foundation, Learning Revolution Trust, Digital Skills Solutions Limited and The Fashion and Textile Museum is Newham College of Further Education, East Ham Campus, High Street South, London E6 6ER.
- Newham Foundation is an educational/facilities provider charitable company limited by guarantee, incorporated in England and Wales, jointly controlled by the College (80%) and the London Borough of Newham (20%).
- Digital Skills Solutions Limited (DSS) is wholly owned by the College with an issued share capital of £357,420. The company was formed in May 2003 and traded during the period of these accounts. During 2020 the decision was made to cease all operations within the company and during 2021 all Educational activities were transferred to the College. The investment in DSS has been written down to £Nil. After the accounts for 2022 have been signed and filed with Companies House the college will move to strike it off.
- Learning Revolution Trust is a company limited by guarantee without share capital, incorporated in England and Wales on 7 November 2011 and registered as a charity on 24 October 2012.
- The Fashion and Textile Museum is a company limited by guarantee without share capital and incorporated in England and Wales on 11 July 1996 but did not trade during the period of these accounts.

Of the four companies mentioned above only three are consolidated within the Group financial statements because one did not trade.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

13 TRADE DEBTORS AND OTHER RECEIVABLES

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	352	352	336	327
Amounts owed by group undertakings	-	12	-	1
Prepayments and accrued income	960	960	1,159	1,159
Amounts owed by ESFA	20	20	-	-
Other debtors	4	4	44	44
Total	1,336	1,348	1,539	1,531

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	285	285	398	398
Trade creditors	893	878	503	472
Amounts owed to group undertakings	-	-	-	27
Other taxation and social security	634	634	599	599
Accruals and deferred income	6,174	6,174	5,363	5,290
Government grants (capital)	1,102	684	1,248	830
Other creditors	5	5	-	-
Total	9,093	8,661	8,111	7,616

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	759	759	1,044	1,044
Government grants (capital)	18,247	15,819	6,562	3,715
Total	19,006	16,578	7,606	4,759

Government grants (capital) of £18,247k includes a grant of £15,171k of which £11,801k is included in fixed assets being 50% of the IoT assets capitalised in the year with the remaining 50% being recognised by QMU.

16 MATURITY OF DEBT

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows;

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	285	285	398	398
Between one and two years	495	495	533	533
Between two and five years	264	264	511	511
	1,044	1,044	1,442	1,442

Bank loans and overdrafts at interest rates varying between 2.0% above bank prime rate and 6% fixed rate are repayable by instalments falling due between 1 August 2020 and 31 July 2027 totalling £1,044k, are secured on a portion of the freehold land and buildings of the Group.

17 PROVISIONS FOR LIABILITIES

	Group and College		
	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At August 2021	32,896	2,125	35,021
Amount utilised	(32,096)	(150)	(32,246)
Additional provisions in the year	2,993	-	2,993
Unwind of discount	-	34	34
Released unused provisions	-	(312)	(312)
At 31 July 2022	3,793	1,697	5,490

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 21.

The enhanced pension provision relates to the cost of staff who have already left the college's employ and commitments for reorganisation costs from which the college cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:	2022	2021
Price Inflation	2.9%	1.3%
Net interest rate	3.3%	2.2%

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

18 NOTES TO STATEMENT OF CASH FLOWS

	2022	2021
	£'000	£'000
Deficit after tax for the year	(640)	(605)
Adjustment for:		
Depreciation	2,411	4,514
Amortisation	62	73
Investment income	(3)	(9)
Interest payable	7	16
Decrease in provisions	(428)	(101)
Pensions costs less contributions payable	2,943	2,714
	<hr/>	<hr/>
Operating cash flow before movements in working capital	4,352	6,602
Decrease in debtors	203	179
Increase / (Decrease) in creditors	224	(1,067)
Cash generated from operations	4,779	5,714

19 CAPITAL COMMITMENTS

	Group and College	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	<hr/>	<hr/>
	2,638	1,200

20 COMMITMENTS UNDER OPERATING LEASES

As at 31 July the college had minimum lease payments under non-cancellable operating leases as follows:

	2022		2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Payments due				
Not later than one year	252	252	218	105
Later than one year and not later than five years	510	510	345	345
	<hr/>	<hr/>	<hr/>	<hr/>
	762	762	563	450

21 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 (LGPS) for non-teaching staff, which is managed by the London Pension Funds Authority. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of TPS was as 31 March 2016 and of the LGPS 31 March 2019.

	2022	2021
	£'000	£'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	1,125	1,102
Subsidiaries' Pension contributions paid	0	6
Local Government Pension Scheme:		
Contributions paid	973	1,018
FRS 102 (28) charge	2,077	2,271
Charge to the Statement of Comprehensive Income	3,050	3,289
Enhanced pension charge to Statement of Comprehensive Income	34	29
Total Pension cost for Year within staff costs	4,209	4,426

Teachers' Pension Scheme

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019. [There were no outstanding or prepaid contributions at either the beginning or the end of the financial year/Contributions amounting to £133,409 (2021 £123,865) were payable to the scheme at 31 July and are included within creditors.]

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

21 DEFINED BENEFITS OBLIGATIONS (continued)

Valuation of the Teachers' Pension Scheme

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2021 onwards (compared to 16.48% during 2019/20). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-21 academic year, and currently through to March 2023. The next valuation (2020) result is due to be implemented from 1 April 2024. The pension costs paid to TPS in the year amounted to £1,125k (2021: £1,102k).

The Department for Education (DfE) has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 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 £1,125k (2021: £1,102k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Pension Funds Authority. The total contributions made for the year ended 31 July 2022 were £1,155k, of which employer's contributions totalled £973k and employees' contributions totalled £182k. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
	% per annum	% per annum
Price increases - RPI	2.80%	2.80%
Price increases - CPI	0.35%	0.35%
Salary increases 2016/17	1.00%	1.00%
Salary increases after 2016/17	3.75%	3.80%
Pension increases	2.75%	2.80%
Discount rate	3.40%	1.60%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. Although the inflation assumption is significantly lower than the Group's current experience of inflation, it is appropriate as it reflects the expected indexation rate that will be applied to future pensions.

21 DEFINED BENEFITS OBLIGATIONS (continued)

The assumed life expectations on retirement age 65 are:

	At 31 July 2022 Years	At 31 July 2021 Years
<i>Retiring today</i>		
Males	21.1	21.0
Females	23.9	23.8
<i>Retiring in 20 years</i>		
Males	22.5	22.4
Females	25.4	25.3

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

	Fair Value of assets	
	At 31 July 2022 £'000	At 31 July 2021 £'000
Equity instruments	31,120	29,639
Gilts	3,715	4,149
Property	8,646	5,106
Cash	2,770	3,195
Other	6,765	7,577
Total fair value of plan assets	<u>53,016</u>	<u>49,666</u>
Actual return on plan assets	<u>3,468</u>	<u>5,806</u>

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	3,397	3,289
Net interest on the net defined benefit pension liability	519	443
Total	<u>3,916</u>	<u>3,732</u>

21 DEFINED BENEFITS OBLIGATIONS (continued)

	2022 £'000
Changes in the present value of defined benefit obligations	
Defined benefit obligations at start of period	82,562
Current service cost	3,397
Interest cost	1,313
Contributions by scheme participants	399
Actuarial (gains)/losses	(29,422)
Benefits paid	(1,405)
Unfunded pension payments	(35)
Defined benefit obligations at end of period	<u><u>56,809</u></u>
Changes in fair value of plan assets	
Fair value of plan assets at start of period	49,666
Interest income	744
Return on plan assets (excluding net interest on the net defined benefit liability)	2,674
Employer contributions	973
Contributions by scheme participants	399
Benefits paid	(1,440)
Fair value of plan assets at end of period	<u><u>53,016</u></u>

22 RELATED PARTY TRANSACTIONS

Key management compensation disclosure is given in note 8.

Advantage has been taken of the exemption provided by FRS102 section 33 from reporting transactions with other wholly owned group companies and controlled companies.

23 AMOUNTS DISBURSED AS AGENT-LEARNER SUPPORT FUNDS

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

	2022	2021
	£'000	£'000
Funding body grants - 16 - 19 bursary	251	326
Funding body grants - childcare	47	107
Interest earned	2	2
	<u>300</u>	<u>435</u>
Disbursed to students	(281)	(409)
Administration costs	(15)	(22)
Balance unspent at 31 July, included in creditors	<u><u>4</u></u>	<u><u>4</u></u>

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

24 EVENTS AFTER THE REPORTING PERIOD

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector, which includes sixth form colleges, into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury. The College does not believe that this will have a material impact on its financial operations.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF NEWHAM COLLEGE OF FURTHER EDUCATION AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 20 September 2022 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Newham College of Further Education during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We are independent of the Newham College of Further Education in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of the Corporation of Newham College of Further Education for regularity

The Corporation of Newham College of Further Education is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Newham College of Further Education is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP

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16 December 2022