



Annual Report and Financial Statements
Year ended 31 July 2021

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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

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

OBJECTIVES AND STRATEGY

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 2021.

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 is finalising and consulting with stakeholders on its proposed 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 five 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 482 people, of whom 201 are teaching staff.

The college enrolled approximately 8,901 students. The college's student population included 1,818 16-to-18-year-old students, 216 apprentices, 39 higher education students, 96 pre16 students and 6,732 adult learners.

The college has £0.86 million (2020: -£1.7 million of net liabilities) of net assets including £3.1 million re-measurement of the defined pension liability (2020: £5.7 million) and long-term debt of £4.8 million (2020: £4.3 million).

Tangible resources include the 2 main college sites, East Ham Campus and Stratford Campus. The college also had £8,919k cash at bank as at 31 July 2021 (2020: £5,147k).

The college has a good reputation locally and nationally. In its last Ofsted Inspection in 2016 it was rated Good in all areas.

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 8,901 students, including 135 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to 216 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 Results

The group generated a deficit before other gains and losses of £605k (2020: deficit of £3,790k) with total income of £37,299k (2020: £38,091k). Although this year saw a decrease in commercial income due to NEWTEC leaving the College Group on 30/07/20, it also saw a reduction in retail income caused by the COVID-19 pandemic. The increase in performance from the prior year was largely due to reductions in staff costs and operating expenses but also saw a reduction the group made in total overall expenditure savings of £5,013k through a number of measures including renegotiating contracts and cancelling those no longer required, transferring Digital Skills Solutions Limited (DSS Ltd) activities to the College, and taking advantage of the government's COVID-19 Job Retention (furlough) Scheme.

The group's financial health for 2020/21 has been assessed as 'Outstanding' versus a target of 'Good'. The group posted a positive EBITDA and has low bank borrowings and a strong cash balance.

At the balance sheet date, the group had net current assets of £2,450k (2020: £318k net current liabilities) and net assets of £5,708k (2020: £3,233k), which include a net defined benefit pension liability of £32,896k (2020: £33,326k).

Cash flows and liquidity

At £5,714k, (2020: £1,435k) net cash inflow from operating activities was good bearing in mind the exceptional challenges that COVID-19 posed.

During November 2020 the College received the balance of £151k of a Salix loan of £769k used to replace existing lighting with energy saving lights.

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 £20k was clearly exceeded comfortably by the net cash inflow of £5,714k.

The COVID-19 pandemic continued to have a clear impact on the College's commercial income streams, such as refectory sales and ticket sales at the Fashion & Textile Museum collapsing due to the lockdowns and various COVID-19 restrictions imposed, thus affecting cash position and cash movements in year, however no financial support was required from funders or bankers.

Developments

Group tangible and intangible fixed asset additions during the year amounted to £3,901k. This was split between buildings improvements of £1,475k, equipment purchases of £2,425k and software £1k and in the main related to the classroom upgrades and the continuing upgrade of IT software and hardware.

Reserves

The group has accumulated reserves of £5,708k (2020: £3,233k) and cash and short-term investment balances (cash) of £9,022k (2020: £5,308k). 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 applications. Although reserves increased the group's capacity to increase reserves further during the year was limited by the impacts of COVID-19.

Sources of income

The group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, GLA/ESFA provided 79.0% (2020: 74%) of the group's total income and 81.1% (2020: 80.9%) of the College's total income.

Group Companies

As at 31 July 2021 balance sheet date, the College had 5 subsidiary companies:

- Digital Skills Solutions Limited – recorded a deficit of £104k (2020: surplus of £1,623k)
- Learning Revolution Trust – recorded a deficit of £5.8k (2020: £28.8k) against income generated of £23.6k (2020: £19.6k)
- Newham Foundation – recorded a breakeven position
- East London College Services Limited – did not trade
- The Fashion & Textile Museum – did not trade

All DSS Ltd activity has now been assimilated into the College with a view of ultimately dissolving the entity. This follows on from the decision made in 2019/20 to close DSS Ltd due to the COVID-19 pandemic's catastrophic impact on employer's appetite to take on new apprentices which left the DSS Ltd vulnerable and its future uncertain.

The College has completed the process of getting Companies House to accept voluntary strike off for East London College Services Ltd, the process was completed on 30 November. The company was created over 25 years ago, has never traded and there have not been any transactions since its inception.

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 with PIR controls, funded by a Salix loan
- Replacement of all boilers on its main two sites – although the replacement boilers use fossil fuel, they are very considerably more efficient than the ones they replaced
- Replacement of college vans with electric vehicles

It has also applied for several capital grants to improve the estate condition, which would all reduce emissions e.g. through replacement of single glazed windows, insulating roofs 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 2020 to 31 July 2021	1 August 2019 to 31 July 2020
Energy consumption used to calculate emissions (kWh)	7,714,051	7,941,837
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	1,014	998
Owned transport	<1	2
Total	1,015	1,000
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	0	583
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	0	2
Electricity distribution/transmission	61	50
Total gross emissions in metric tonnes CO2e	1,076	1,635
<u>Intensity ratio</u>		
Metric tonnes CO2e per £m revenue	29.72	50.58

a/ The 2021 emissions figure for purchased electricity above reflects our investment in a zero-carbon electricity tariff at all sites from April 2020 onwards ('market based' reporting, as opposed to

'location based' reporting which does not take into account the nature of the electricity supply contract).

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 ration is tCO₂e per £1m revenue

FUTURE PROSPECTS

Future developments

The college has invested recently in its facilities and IT equipment, funded from its own reserves, a Salix loan and capital grants including a FE Capital Allocation grant of £1.3 million and £200k GLA Covid Emergency Recovery Support Fund. This substantial investment is long overdue to address some of the considerable capital maintenance backlogs and start the journey of estates transformation.

The entire IT network infrastructure and hardware estate required replacing due to obsolescence and much of this was accomplished during 2020-21, enabling the College to achieve the Certificate of Cyber Essentials. Further expenditure on IT network upgrades will take place in 2021-22, as part of the College's programme to achieve Certificate of Cyber Essentials Plus by 2021-22 year-end.

Investment in estates capital maintenance and transformation, and IT facilities for learners, will continue in 2021/22 and beyond, and the College has bid for several grants to facilitate this. It has been successful in securing a £938k T Levels Capital Fund grant that will enable refurbishment of a building at its Stratford campus, and creation of four industry-standard new science laboratories, for Health and Science and Construction T levels. Additionally, it has been awarded a Higher Technical Education Provider Growth Fund grant for £631k of capital and revenue funding which the College will utilise to create exciting new spaces with state-of-the-art facilities including cyber lab, motion capture suite and VR/AR learning zone at its East Ham campus

The College has been working in partnership with Queen Mary College for some time, to launch a new Institute of Technology. It anticipates that this new flagship £28m facility in London City Island will open to learners in September 2022, offering programmes from levels 3 – 6 in digital and engineering specialisms.

Based on current enrolment figures, the college will not achieve its 16-18 student targets for 2021/22 and will take measures in-year to cut its costs accordingly. It is also taking steps to strengthen its marketing and schools' liaison activities to better promote the College offer to learners and showcase its forthcoming new facilities, to reverse this trend.

The college has continued to expend substantial funds in measures to keep its student population and staff safe from COVID-19 following government and Public Health England guidelines. Measures include but are not limited to hand sanitisers, increased cleaning regimes, regular anti-viral 'fogging' of all rooms and circulation spaces, provision of masks, etc. The costs of ventilating classrooms in winter will be considerable, especially in the light of current utilities costs.

Although learning has resumed face to face, work continues to ensure all learners are engaged on their programmes of study and to understand their ability to work remotely if a further period of lockdown is required, the switch to a blended/remote delivery model is seamless. This has included capturing at enrolment details of those learners who live in digital poverty so that laptops may be procured via bursary funds to support them.

The simplification of the college group structure that started during 2019/20 with the college relinquishing its membership of NEWTEC and bringing DSS Ltd activity in house during 2020/21 will continue in 2021/22, with the strike off from Companies House of dormant company East London College Services and commencement of formal winding-up of DSS Ltd.

Financial Plan

The college governors approved a financial plan in July 2021 which sets objectives for the period to 2022. The college/group aims to achieve:

- a financial health rating of 'Good';
- a positive EBITDA and small operating surplus;
- 99 cash days in hand at balance sheet date;
- staff costs at or below 62% of income generated

Adult education main grant budget increased in the year to 31 July 2021 and is anticipated to increase in 2021/22. Funded learner numbers for 16-19 are down in 2021/22 compared against 2020/21 but funding increased due to an increase in the learners funded at the highest rates of national funding for T Levels.

The College has continued to be adversely impacted by COVID-19 both in terms of commercial income generation such as refectory sales and ticket sales at the FTM, and has incurred significant incremental cleaning costs in 2020/21, plus additional consumables/capital costs which have only been partly offset by savings. For 2021/22 it is assumed that the enhanced cleaning regime will be required for at least half a year.

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. The College has monies in a high interest deposit account. All borrowing requires the authorisation of the Corporation.

The college has no plans to increase borrowings and is confident that loans taken out will be repaid in accordance with the scheduled repayment plan.

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 (2020: £nil) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at -£20,903k (2020: -£23,378k). 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 operating surplus and re-build reserves to move out of "Requires Improvement" back to "Good" financial health and avoid a bank covenant breach.	The College has budgeted for an EBITDA surplus of £2.2 million for 2021/22 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 exacerbated by COVID-19	Revised schools engagement strategy – actively engaging with >30 schools; running 'have a go' days; appointed new Schools Liaison Officer; 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 bid for capital funding in the next phase(s) of allocation of DfE's £1.5 billion capital fund for colleges.
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 respond appropriately to changing threat/implications of Covid-19	Effective risk assessment and containment measures for confirmed positive cases; close ties with LBN Public Health. Teachers have hardware and skills to teach remotely and to split classes; eLearning materials are available in case of lockdown/significant numbers self-isolating; laptops are available for 16-18 learners in digital poverty. However still serious risks around additional costs e.g. for cleaning; lack of laptops for adults in digital poverty; and potential loss of income with no continuation of support measures previously in place

KEY PERFORMANCE INDICATORS

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

Key performance indicator	Measure / Target	Actual for 2020/21
Operating surplus*	£495k or above	£2,248k
Adjusted Current Ratio	0.7 : 1.00	1.69
EBITDA as % of income	6.49%	15.60%
Cash Days	30	109
Health Ratio	Good	Outstanding

*Before pension adjustment

Student achievements

Students continue to prosper at the college. Achievement rates remained high in 2020/21, 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 2020 to 31 July 2021, 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 undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The college is a 'Disability Confident' employer and 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. 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.

Gender pay gap reporting

	Year ending 31 March 2021
Mean gender pay gap	2.1%
Median gender pay gap	16.6%
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	37.00%	63.00%
2. Lower middle quartile	32.62%	66.38%
3. Upper middle quartile	37.31%	62.69%
4. Upper quartile	45.18%	54.82%

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.

Numbers of employees who were relevant union officials during the period	FTE employee number
5	0.50

Percentage of time	Number of employees
0%	
1-50%	5
51-99%	
100%	

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Total cost of facility time	£16,824
Total pay bill	£19,217k
Percentage of total bill spent on facility time	0.09%

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

While the future impact of the COVID-19 pandemic cannot be predicted with any certainty, the College and Group has demonstrated its capacity to respond nimbly to changing circumstances and will continue to do so. Any catastrophic financial impacts are likely to be felt sector-wide rather than by Newham College alone and are therefore likely to require a sector-wide solution.

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 2021.

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

The College has completed the sale of F Block located at Stratford Campus.

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 14 December 2021 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 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

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”)

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, which it formally adopted in September 2016. 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 2021.

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 	2 nd Term	-	Independent Governor	<ul style="list-style-type: none"> • Corporation Board Chair • Chair: Search / Remuneration Committees • Member: Finance & Resources Committee 	100%
Andrew Edwards	<ul style="list-style-type: none"> • March 2012 • Reappointed March 2015 • Reappointed March 2018 	3 rd Term End of Tenure	30/03/2021	Independent Governor	<ul style="list-style-type: none"> • Chair: Student Consultative Forum • Vice Chair: Curriculum & Quality Committee • Member: Audit & Risk Committee 	75%
Andrew Hughes	<ul style="list-style-type: none"> • March 2012; • Reappointed March 2015 • Reappointed March 2018 	3 rd Term End of Tenure	15/12/2020	Independent Governor	<ul style="list-style-type: none"> • Member: Finance & Resources Committee • Member: Search Committee 	25%
Lorraine Reader	<ul style="list-style-type: none"> • September 2017 • Reappointed July 2020 	2 nd Term	-	Independent Governor	<ul style="list-style-type: none"> • Member: Finance & Resources Committee 	50%

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Name	Date of appointment	Current Term of office	Date of resignation	Status of appointment	Committees Served	Board Attendance
Quintin Peppiatt	<ul style="list-style-type: none"> July 2001 Reappointed December 2013 Reappointed July 2017 Term extended in July 2020 until July 2021 	End of Tenure	30/03/2021	Independent Governor	<ul style="list-style-type: none"> Chair: Curriculum Quality Committee (from June 2020) Member: Search Committee Member: Audit & Risk Committee Safeguarding Lead Governor 	75%
David Surdeau	<ul style="list-style-type: none"> December 2015 Reappointed December 2018 	2 nd Term	-	Independent Governor	<ul style="list-style-type: none"> Corporation Board Vice Chair Chair: Finance & Resources Committee 	100%
Lloyd Johnson	<ul style="list-style-type: none"> September 2017 Reappointed July 2020 	2 nd Term	-	Independent Governor	<ul style="list-style-type: none"> Member: Student Consultative Forum Member: Audit and Risk Committee 	75%
Julianne Marriott	<ul style="list-style-type: none"> October 2018 	1 st Term	05/10/20	Independent Governor		-
Mubin Ahmed	<ul style="list-style-type: none"> October 2018 	2 nd Term	-	Staff Governor	<ul style="list-style-type: none"> Member: Student Consultative Forum 	75%
Bobby Seagull	<ul style="list-style-type: none"> March 2019 	1 st Term	-	Independent Governor	<ul style="list-style-type: none"> Member: Finance & Resources Committee Member: Curriculum & Quality Committee Member: Student Consultative Forum 	75%
James Beckles	<ul style="list-style-type: none"> March 2019 	1 st Term	-	Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee Member: Student Consultative Forum 	-
Irfan Umarji	<ul style="list-style-type: none"> March 2019 	1 st Term	-	Independent Governor	<ul style="list-style-type: none"> Chair: Audit & Risk Committee 	100%
Claire Helman	<ul style="list-style-type: none"> March 2019 	1 st Term	14/12/2021	Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee 	75%
Richard Matovu	<ul style="list-style-type: none"> December 2019 	1 st Term	-	Student Governor	<ul style="list-style-type: none"> Member: Student Consultative Forum 	75%
Daniel Abraham	<ul style="list-style-type: none"> July 2020 	1 st Term	05/12/2020	Student Governor	<ul style="list-style-type: none"> Member: Student Consultative Forum 	-
Danny Ridgeway	<ul style="list-style-type: none"> December 2020 	1 st Term		Independent Governor	<ul style="list-style-type: none"> Chair: Curriculum & Quality Committee Member: Finance & Resources Committee 	66%
Joanna Roxburgh	<ul style="list-style-type: none"> December 2020 	1 st Term		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		Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality Committee Member: Audit & Risk Committee Safeguarding Lead Governor 	100%
Trina Sarkar	<ul style="list-style-type: none"> December 2020 	1 st Term		Independent Governor	<ul style="list-style-type: none"> Member: Curriculum & Quality 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 4 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 Consultative Forum. 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.

During the COVID-19 pandemic all committee meetings were held virtually, in order for governors to uphold their duties in the usual way by using TEAMS, which is the college's meeting platform.

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 carried out a self-assessment of its own performance for the year ended 31 July 2021 and graded itself as "Good" on the Ofsted scale.

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 2021/22 as the colleges strives to achieve OFSTED 'outstanding' performance.

Remuneration Committee

Throughout the year ending 31 July 2021 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 2021 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 2021. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Irfan Umarji	3
Andrew Edwards	2
Lloyd Johnson	3
Pam Rowe (safeguarding governor)	2
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 Consultative Forum

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 and the OfS registration conditions. He is also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

The system of internal control has been in place in Newham College for the year ended 31 July 2021 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 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 2021 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 2020/21 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 2020/21 and up to the date of the approval of the financial statements are:

- Budget monitoring and Cash Flow:
 - Overall, it is considered that the processes in place around budget monitoring and cash flow are strong and effective and found no exceptions or issues of concern to raise.
- Payroll:
 - The governance, management and control arrangements were found to provide reasonable assurance that risks are managed effectively. The recommendation that monthly payroll spot checks are conducted by a member of staff outside the payroll process was immediately implemented.

Due to the continuation of the COVID-19 pandemic all of the agreed internal audit programme work 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.

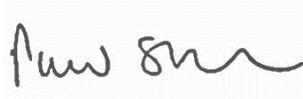
The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2021 meeting, the corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2021.

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 14 December 2021 and signed on its behalf by:



Martin Cumella
CHAIR OF THE BOARD



Paul Stephen
ACCOUNTING OFFICER

Statement of Regularity, Propriety and Compliance

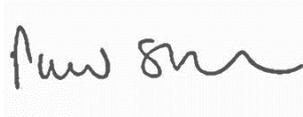
The corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with the ESFA. As part of our consideration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

We confirm on behalf of the corporation that after due enquiry, and to the best of our knowledge, we are not 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.

We confirm that no instance of material irregularity and no instances of 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 Education and Skills Funding Agency.



Martin Cumella
CHAIR OF THE BOARD
14 December 2021



Paul Stephen
ACCOUNTING OFFICER
14 December 2021

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.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Operating and Financial Review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, Accounts Direction issued by the Office for Students and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and which give a true and fair view of the state of affairs of the College and of the College's 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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the members of the corporation on 14 December 2021 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 2021 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).

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 2021 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.

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. 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.

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 2020 to 2021 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.

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 9 July 2019. 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
RSM UK AUDIT LLP

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Buckinghamshire MK9 1BP

Date: 17 December 2021

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

	Notes	2021		2020	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	29,469	29,336	28,359	26,146
Tuition fees and education contracts	3	3,924	3,744	3,607	2,972
Other grants and contracts	4	1,563	1,561	1,427	1,165
Other income	5	2,267	1,474	4,663	1,975
Investment income	6	9	9	24	59
Donations and Endowments	7	67	67	11	11
Total Income		37,299	36,191	38,091	32,328
Expenditure					
Staff costs	8	20,384	20,128	24,466	19,997
Other operating expenses	9	12,419	11,991	15,024	16,377
Depreciation and amortisation	11	4,587	4,051	2,743	1,565
Interest and other finance costs	10	514	514	684	634
Total Expenditure		37,904	36,684	42,917	38,573
Deficit before other gains and losses		(605)	(493)	(4,826)	(6,245)
Profit on disposal of tangible fixed assets		-	-	2	2
Profit on disposal of subsidiary		-	-	1,034	-
Loss on disposal of investment		-	-	-	(131)
Deficit before tax		(605)	(493)	(3,790)	(6,374)
Taxation		-	-	-	-
Deficit for the year		(605)	(493)	(3,790)	(6,374)
Re-measurement of net defined benefit pension liability		3,080	3,080	(5,725)	(5,725)
Other Comprehensive income for the year		3,080	3,080	(5,725)	(5,725)
Total Comprehensive income for the year		2,475	2,587	(9,515)	(12,099)

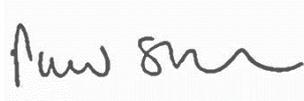
**NEWHAM COLLEGE OF FURTHER EDUCATION
CONSOLIDATED AND COLLEGE BALANCE SHEETS
AS AT 31 JULY 2021**

		2021		2020	
	Notes	Group £'000	College £'000	Group £'000	College £'000
Fixed assets					
Intangible assets	11	149	149	221	221
Tangible assets	11	45,736	36,445	46,362	36,532
Investments	12	-	1,212	-	1,335
		<u>45,885</u>	<u>37,806</u>	<u>46,583</u>	<u>38,088</u>
Current assets					
Debtors	13	1,539	1,531	1,718	1,479
Cash at bank and in hand		9,022	8,919	5,308	5,147
		<u>10,561</u>	<u>10,450</u>	<u>7,026</u>	<u>6,626</u>
Current liabilities					
Creditors - amounts falling due within one year	14	8,111	7,616	7,344	6,674
Net current assets / (liabilities)		<u>2,450</u>	<u>2,834</u>	<u>(318)</u>	<u>(48)</u>
Total assets less current liabilities		48,335	40,640	46,265	38,040
Creditors - amounts falling due after one year	15	7,606	4,759	7,570	4,305
Provisions for liabilities					
Defined benefit pension scheme	17	32,896	32,896	33,236	33,236
Other provisions	17	2,125	2,125	2,226	2,226
Total net assets/ (liabilities)		<u>5,708</u>	<u>860</u>	<u>3,233</u>	<u>(1,727)</u>
Unrestricted reserves					
Income and Expenditure reserve		(20,903)	(21,251)	(23,378)	(23,838)
Revaluation reserve		26,611	22,111	26,611	22,111
Total Reserves		<u>5,708</u>	<u>860</u>	<u>3,233</u>	<u>(1,727)</u>

The financial statements on pages 27 to 54 were approved and authorised for issue by the Corporation on 14 December 2021 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 2021**

Group	Income and expenditure reserves £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2019	(14,213)	26,961	12,750
Deficit for the year	(3,790)	-	(3,790)
Transfers between revaluation and income and expenditure reserves	350	(350)	-
Other comprehensive income	(5,725)	-	(5,725)
Total comprehensive income for the year	<u>(9,165)</u>	<u>(350)</u>	<u>(9,515)</u>
Balance at 31 July 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	<u>(20,903)</u>	<u>26,611</u>	<u>5,708</u>
College			
Balance at 1 August 2019	(11,739)	22,111	10,372
Deficit for the year	(6,374)	-	(6,374)
Other comprehensive income	(5,725)	-	(5,725)
Total comprehensive income for the year	<u>(12,099)</u>	<u>-</u>	<u>(12,099)</u>
Balance at 31 July 2020	(23,838)	22,111	(1,727)
Deficit for the year	(493)	-	(493)
Other comprehensive income	3,080	-	3,080
Total comprehensive income for the year	<u>2,587</u>	<u>-</u>	<u>2,587</u>
Balance at 31 July 2021	<u>(21,251)</u>	<u>22,111</u>	<u>860</u>

**NEWHAM COLLEGE OF FURTHER EDUCATION
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	2021 £'000	2020 £'000
Operating activities			
Cash generated from operations	18	5,714	1,435
Net cash generated from operations		<u>5,714</u>	<u>1,435</u>
Investing activities			
Interest received		9	24
Capital grants received		1,961	-
Proceeds from sale of fixed assets		270	536
Disposal of non-current asset investments		-	131
Purchase of tangible and intangible fixed assets		(4,050)	(940)
		<u>(1,810)</u>	<u>(249)</u>
Financing activities			
Interest paid		(20)	(36)
Proceeds of new borrowings		151	618
Repayments of borrowings		(321)	(306)
		<u>(190)</u>	<u>276</u>
Increase in cash and cash equivalents in the year		<u>3,714</u>	<u>1,462</u>
Cash and cash equivalents at beginning of the year		5,308	3,846
Cash and cash equivalents at end of the year		<u>9,022</u>	<u>5,308</u>

Analysis of changes in net debt

	1 August 2020 £'000	Cash flow £'000	Other non cash movement £'000	31 July 2021 £'000
Cash at bank and in hand	5,308	3,714	-	9,022
Bank loans	305	-	93	398
Debt due within one year	305	-	93	398
Bank loans	1,307	(170)	(93)	1,044
Debt due after one year	1,307	(170)	(93)	1,044
Total	<u>3,696</u>	<u>3,884</u>	-	<u>7,580</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 accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021, and Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102) under the historical cost convention modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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 14), 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 2021.

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.

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 Members Report. The financial position of the group and college, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The group and college currently has £1.4m 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.

Although COVID-19 has had a considerable impact on the resources of the Group and College in 2020/21 management have taken actions to ensure that the underlying 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 2022. This is expected to enable the Group and College to return a surplus position in 2022 and to 'good' financial health, which has been achieved in 2021, whilst meeting its bank covenants. Accordingly, the Corporation has reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

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 Government Actuary on the basis of valuations using a projected unit 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 and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs.

Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income

Short term Employment benefits

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

Any unused benefits are accrued and measured as the additional amount the college expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income in the year that the member of staff retires. In subsequent years a charge is made to the statement of comprehensive income and 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.

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

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

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. 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. 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.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

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
- the amount of the obligation can be reliably measured.

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 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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

2. FUNDING BODY GRANTS

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent Grants				
Greater London Authority - adult education budget	12,888	12,888	12,196	12,196
Education & Skills Funding Agency - adult education budget	1,658	1,540	2,192	1,444
Education & Skills Funding Agency - 16-18 Office for Students	13,501	13,501	13,387	12,060
	212	212	123	-
Specific Grants				
AEB (GLA) COVID Response Funding	613	613	-	-
Teacher Pension Scheme contribution grant	414	414	364	364
Release of Government Capital Grants	183	168	97	82
Total	29,469	29,336	28,359	26,146

3. TUITION FEES AND EDUCATION CONTRACTS

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Adult Education Fees	1,264	1,084	739	153
Fees for FE Loan Supported Courses	1,178	1,178	1,030	981
Fees for OfS Loan Supported Courses	82	82	486	486
	2,524	2,344	2,255	1,620
Education Contracts	1,400	1,400	1,352	1,352
Total	3,924	3,744	3,607	2,972

The above figures for 2021 include fees of £1,178k (2020: £981k) paid by employers of students.

4. OTHER GRANTS AND CONTRACTS

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
European Commission	475	475	628	628
Other grants and contracts	802	802	117	110
Coronavirus Job Retention Scheme grant	286	284	682	427
	1,563	1,561	1,427	1,165

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

5. OTHER INCOME

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Commercial nursery fees	-	-	1,910	25
Rent receivable	81	81	354	245
Retail income	324	324	653	625
Release from deferred capital grants (non ESFA)	1,064	539	860	87
Miscellaneous income	798	530	886	993
	2,267	1,474	4,663	1,975

6. INVESTMENT INCOME

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Interest on loan with subsidiary	-	-	-	36
Other interest receivable	9	9	24	23
	9	9	24	59

7. DONATIONS

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Unrestricted donations	67	67	11	11
	67	67	11	11

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	2021	2020
	No.	No.
Teaching Staff	203	252
Non-teaching Staff	283	457
	486	709

COLLEGE	2021	2020
	No.	No.
Teaching Staff	201	212
Non-teaching Staff	281	300
	482	512

	2021		2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	13,688	13,495	16,702	13,063
Social security costs	1,315	1,302	1,551	1,259
Other pension costs	4,426	4,420	4,052	3,915
Payroll sub-total	19,429	19,217	22,305	18,237
Contracted out staffing costs	756	734	1,460	1,162
	20,185	19,951	23,765	19,399
Restructuring costs				
- Contractual	199	177	701	598
Total staff costs	20,384	20,128	24,466	19,997

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

	2021	2020
	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	
	2021	2020	2021	2020
	No.	No.	No.	No.
£60,001 to £65,000	-	-	1	5
£65,001 to £70,000	-	-	1	3
£70,001 to £75,000	-	-	2	3
£75,001 to £80,000	-	-	2	1
£80,001 to £85,000	-	-	3	3
£85,001 to £90,000	-	1	-	-
£95,001 to £100,000	-	-	1	-
£100,001 to £105,000	2	-	-	-
£125,001 to £130,000	1	1	-	-
£135,001 to £140,000	-	1	-	-
£170,001 to £175,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>10</u>	<u>15</u>

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

	2021	2020
	£'000	£'000
Basic Salary	510	522
Pension contributions	65	90
Total emoluments	<u>575</u>	<u>612</u>

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

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 is as follows:

	2021	2020
	£'000	£'000
Salaries	174	175
Pension contributions	25	26
Total	199	201

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 2021 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.

	2021	2020
	No	No
Basic salary as a multiple of median basic salary of staff	5.5	5.4
Total remuneration as a multiple of median total remuneration of staff	4.9	5.5

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 2021**

9. OTHER OPERATING EXPENSES

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	7,849	7,736	7,358	7,954
Non teaching costs	1,773	1,715	3,936	5,810
Premises costs	2,797	2,540	3,730	2,613
Total	12,419	11,991	15,024	16,377

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Deficit is stated after charging:				
Auditors' remuneration:				
Financial statements audit:				
- Audit of Group/ College	80	80	64	64
- Audit of Subsidiaries	9	-	37	-
- Non-Audit Services	10	10	10	10
Internal audit	36	36	41	33
Operating lease rentals	218	105	150	15
Loss on disposal of investments	-	-	-	131
Impairment loss on investment	-	-	-	357

10. INTEREST PAYABLE AND OTHER FINANCE COSTS

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans, overdrafts and other loans	16	16	76	26
Unwinding of discounts in relation to enhanced pensions	29	29	43	43
Net interest on defined pension liability (note 21)	469	469	565	565
	514	514	684	634

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

11. INTANGIBLE FIXED ASSETS (GROUP)

	Group	College
	Software & website costs £'000	Software & website costs £'000
Cost		
At 1 August 2020	498	498
Additions	1	1
At 31 July 2021	499	499
Amortisation		
At 1 August 2020	277	277
Charge for year	73	73
At 31 July 2021	350	350
Net book value		
At 31 July 2021	149	149
Net book value		
At 31 July 2020	221	221

11. TANGIBLE FIXED ASSETS (GROUP)

	Land & Buildings	Furniture & Equipment	Computer Equipment	Total
	Freehold £'000	£'000	£'000	£'000
Cost or Valuation				
At 1 August 2020	99,306	1,093	1,538	101,937
Additions	1,475	1,503	922	3,900
Disposals	(3,605)	(100)	(66)	(3,771)
At 31 July 2021	97,176	2,496	2,394	102,066
Depreciation				
At 1 August 2020	53,854	899	823	55,576
Charge for year	3,920	164	430	4,514
Eliminated in respect of disposals	(3,594)	(100)	(66)	(3,760)
At 31 July 2021	54,180	963	1,187	56,330
Net book value				
At 31 July 2021	42,996	1,533	1,207	45,736
Net book value				
At 31 July 2020	45,452	194	715	46,360

Included above is land with a value of £29,500,000.

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

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

11. TANGIBLE FIXED ASSETS (COLLEGE ONLY)

	Land & Buildings	Furniture & Equipment	Computer Equipment	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 August 2020	81,941	625	1,411	83,977
Additions	1,475	1,503	922	3,901
Disposals	(3,605)	(100)	(66)	(3,771)
At 31 July 2021	79,811	2,028	2,267	84,107
Depreciation				
At 1 August 2020	46,292	436	716	47,444
Charge for year	3,406	163	409	3,978
Eliminated in respect of disposals	(3,594)	(100)	(66)	(3,760)
At 31 July 2021	46,104	499	1,059	47,662
Net book value				
At 31 July 2021	33,707	1,529	1,208	36,445
Net book value				
At 31 July 2020	35,649	189	695	36,533

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 £4,342k (2020: £4,981k) have been funded and inherited from local authority sources.

Included in the tangible fixed assets is £2,996k (2019: £3,198k) 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	21,816
Net book value based on cost	6,234

12. FIXED ASSET INVESTMENTS

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Other assets in subsidiary undertakings	-	1,212	-	1,335
	-	1,212	-	1,335

The College has an interest in 5 companies namely, East London College Services Limited, 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, East London College Services Limited and The Fashion and Textile Museum is Newham College of Further Education, East Ham Campus, High Street South, London E6 6ER.
- East London College Services Limited, a company incorporated in England and Wales, is wholly owned by the College with an issued share capital of £1, and was formed in 1993, but did not trade during the period of these accounts. The college has processed the closing of it by getting Companies House to strike it off.
- 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 almost all activities were transferred to the College. The investment in DSS has been written down to £Nil. Please see note 24 for further information.
- 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 five companies mentioned above only three are consolidated within the Group financial statements because two did not trade.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

13 TRADE DEBTORS AND OTHER RECEIVABLES

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	336	327	322	185
Amounts owed by group undertakings	-	1	-	28
Prepayments and accrued income	1,159	1,159	1,384	1,254
Other debtors	44	44	12	12
Total	1,539	1,531	1,718	1,479

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	398	398	305	305
Trade creditors	503	472	516	306
Amounts owed to group undertakings	-	27	-	69
Other taxation and social security	599	599	634	598
Accruals and deferred income	5,363	5,290	4,956	4,881
Government grants (capital)	1,248	830	708	290
Amounts owed to ESFA	-	-	225	225
Total	8,111	7,616	7,344	6,674

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	1,044	1,044	1,307	1,307
Government grants (capital)	6,562	3,715	6,263	2,998
Total	7,606	4,759	7,570	4,305

16 MATURITY OF DEBT

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows;

	2021		2020	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	398	398	305	305
Between one and two years	533	533	869	869
Between two and five years	511	511	438	438
Five years +	-	-	-	-
	1,442	1,442	1,612	1,612

Bank loans and overdrafts totalling £1,442k, at interest rates varying between 2.0% above bank prime rate and 6% fixed rate, and are repayable by instalments due between 1 August 2020 and 31 July 2027. As at 31 July 2021, £1,442k of bank loans and overdrafts were secured against a portion of the freehold land and buildings of the Group.

17 PROVISIONS FOR LIABILITIES

	Group and College		
	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At August 2020	33,236	2,226	35,462
Amount utilised	(3,080)	(159)	(3,239)
Additional provisions in the year	2,740	-	2,740
Unwind of discount	-	29	29
Released unused provisions	-	29	29
At 31 July 2021	32,896	2,125	35,021

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. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:	2021	2020
Price Inflation	1.30%	1.30%
Net interest rate	2.20%	2.20%

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

18 NOTES TO STATEMENT OF CASH FLOWS

	2021	2020
	£'000	£'000
(Deficit) after tax for the year	(605)	(3,790)
Adjustment for:		
Depreciation	4,514	2,669
Amortisation	73	74
Investment income	(9)	(24)
Interest payable	16	76
(Decrease)/ increase in provisions	(101)	44
Pensions costs less contributions payable	<u>2,714</u>	<u>2,089</u>
Operating cash flow before movements in working capital	6,602	1,138
Decrease in debtors	179	1,387
(Decrease) in creditors	<u>(1,067)</u>	<u>(1,090)</u>
Cash generated from operations	<u>5,714</u>	<u>1,435</u>

19 CAPITAL COMMITMENTS

	Group and College	
	2021	2020
	£'000	£'000
Contracts for future capital expenditure not provided	<u>1,200</u>	<u>195</u>

20 COMMITMENTS UNDER OPERATING LEASES

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

	2021		2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Payments due				
Not later than one year	218	105	150	15
Later than one year and not later than five years	345	345	143	31
Later than five years	-	-	-	-
	<u>563</u>	<u>450</u>	<u>293</u>	<u>46</u>

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.

	2021	2020
	£'000	£'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	1,102	1,173
Subsidiaries' Pension contributions paid	6	141
Local Government Pension Scheme:		
Contributions paid	1,018	1,013
FRS 102 (28) charge	2,271	1,682
Charge to the Statement of Comprehensive Income	<u>3,289</u>	<u>2,695</u>
Enhanced pension charge to Statement of Comprehensive Income	29	44
Total Pension cost for Year within staff costs	<u>4,426</u>	<u>4,052</u>

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9).

21 DEFINED BENEFITS OBLIGATIONS (continued)

The Department for Education (DfE) has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £1,102k (2020: £1,173k).

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 2021 were £1,428k, of which employer's contributions totalled £1,018k and employees' contributions totalled £410k. 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 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
	% per annum	% per annum
Price increases - RPI	2.80%	2.25%
Price increases - CPI	0.35%	1.45%
Salary increases 2016/17	1.00%	1.00%
Salary increases after 2016/17	3.80%	3.25%
Pension increases	2.80%	2.25%
Discount rate	1.60%	1.35%

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

	At 31 July 2021	At 31 July 2020
	Years	Years
<i>Retiring today</i>		
Males	21.0	21.3
Females	23.8	23.9
<i>Retiring in 20 years</i>		
Males	22.4	22.8
Females	25.3	25.5

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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21 DEFINED BENEFITS OBLIGATIONS (continued)

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 2021 £'000	At 31 July 2020 £'000
Equity instruments	29,639	23,402
Gilts	4,149	2,281
Debt instruments	-	4,516
Property	5,106	4,358
Cash	3,195	3,113
Other	7,577	7,192
Total fair value of plan assets	49,666	44,862
Actual return on plan assets	5,806	1,838

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	3,289	2,595
Net interest on the net defined benefit pension liability	443	522
Total	3,732	3,117

**NEWHAM COLLEGE OF FURTHER EDUCATION
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21 DEFINED BENEFITS OBLIGATIONS (continued)

	2021 £'000
Changes in the present value of defined benefit obligations	
Defined benefit obligations at start of period	78,098
Current service cost	3,182
Interest cost	1,042
Contributions by scheme participants	410
Actuarial (gains)/losses	4,680
Benefits paid	(2,369)
Plan introductions, changes, curtailments and settlements	107
Change in demographic assumptions	(1,082)
Experience loss/(gain) on defined benefit obligation	(1,471)
Unfunded pension payments	(35)
Defined benefit obligations at end of period	<u><u>82,562</u></u>
Changes in fair value of plan assets	
Fair value of plan assets at start of period	44,862
Interest income	573
Other actuarial gains/ (losses)	-
Return on plan assets (excluding net interest on the net defined benefit liability)	5,207
Employer contributions	1,018
Contributions by scheme participants	410
Benefits paid	(2,404)
Fair value of plan assets at end of period	<u><u>49,666</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.

**NEWHAM COLLEGE OF FURTHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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.

	2021	2020
	£'000	£'000
Funding body grants - 16 - 19 bursary	326	105
Funding body grants - childcare	107	705
Interest earned	2	4
	<hr/>	<hr/>
	435	814
Disbursed to students	(409)	(771)
Administration costs	(22)	(39)
	<hr/>	<hr/>
Balance unspent at 31 July, included in creditors	4	4

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 POST BALANCE SHEET EVENTS

The College completed the sale of F Block, located at Stratford Campus, in September 2021.

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 9 July 2019 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Newham College of Further Education during the period 1 August 2020 to 31 July 2021 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 2020 to 31 July 2021 has 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 "ACoP") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of 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 is 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 ACoP.

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 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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 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

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Date: 17 December 2021