ADA NATIONAL COLLEGE FOR DIGITAL SKILLS

Report and Financial Statements

for the period ended 31 July 2017

Key Management Personnel, Members of the Corporation and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2016/17:

Mark Smith, Principal and CEO (Accounting Officer)

Tom Fogden, Dean

Members of the Corporation

A full list of Members is given on pages 13 and 14 of these financial statements.

Gill Winward acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Buzzacott LLP

130 Wood Street

London

EC2V 6DL

Bankers:

Lloyds Bank

25 Gresham Street

London

EC2V 7HN

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Report of the Members of the Corporation

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the period ended 31 July 2017.

Legal status

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

The Corporation was incorporated as Ada National College for Digital Skills Further Education Corporation on 8 August 2016.

Mission

Upon incorporation, the Members of the Corporation agreed the College's mission and the mission statement as follows:

'To work with industry to design and deliver an education that empowers all its students, especially women and those from low-income backgrounds, to progress into highly skilled digital roles and lead flourishing lives.'

Public Benefit

Ada National College for Digital Skills 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 Corporation, who are trustees of the charity, are disclosed on pages 13 and 14.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- Widening participation and tackling social exclusion
- High-quality teaching
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- Collaboration with other education institutions to share best practice

Implementation of strategic plan

In August 2016, the College adopted a strategic plan for the period August 2016 to July 2021. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

- Be a centre of excellence for the teaching and learning of advanced digital skills and related subjects
- Be an aspirational alternative to university
- Be a beacon of best practice in employment-focused provision
- Recruit 50% of our students from low-income backgrounds in order to use digital skills as a tool for social mobility
- Recruit 50% of our students as young women to help address the gender disparity in the digital sector

The College is on target for achieving these objectives.

The College's specific strategies for 2016/17 to achieve these objectives were:

- Establish the College as a centre of excellence for the teaching and learning of advanced digital skills and related subjects by designing and launching a 16-19 cohort and Higher Level Apprenticeship programme in Digital Innovation.

  Performance against strategy: The College opened in September 2016 with 59 16-19 students and then launched its inaugural Apprenticeship programme in May 2017 with 13 Apprentices from Google, National Archive and Janus Henderson.

- Recruit students and apprentices onto both these programmes through a variety of marketing and business development activities that ensure the candidates enrolling are of a high calibre and suitable for the programme of study with a specific focus on attracting.

  Performance against strategy: The College attracted 183 applicants for its 16-19 programme, offering 81 places with 59 enrolling. 7% of these were young women and over 70% came from the bottom 3 deciles of the IDACI index (a recognised Government indicator of social deprivation). In addition the College partnered with 3 organisations to attract and select 13 apprentices to launch the programme. 6 of the Apprentices are young women. We continue to look at ways of monitoring the social background of our apprentices accurately.

- Being an Aspirational Alternative to University.

  Performance against strategy: Instead of adopting off-the-shelf qualifications, the College worked with a range of industry partners during 2016 to formulate and design a new Foundation Degree and BSc. degree programme in Digital Innovation. The College then worked with the Open University to successfully validate the qualifications that form the bedrock of the Apprenticeship programme.

Financial objectives

The College's financial objectives are:

- The College aimed to finish the first year at least <5% under the budget agreed with the Board of Governors
- The College aimed to be given a positive financial health report by the EFSA
- The College aimed to raise in excess of £150,000 of additional philanthropic support
- The College aimed to prepare for a successful first audit as an incorporated entity

A series of performance indicators have been agreed to monitor the successful implementation of the policies for 2017/18.

Performance indicators

Key performance Indicator	Measure/Target* 2016/17	Actual for 2016/17
Operating surplus/sector EBITDA as % of income	(88.9%)	(81.7%)
Staff costs as % of income	141%	116.1%
Cash days in hand/liquidity (adjusted current ratio)	70	98
Borrowing as % of income	56%	19%
Reliance on ESFA income	75%	63.2%
Financial Health Score	Satisfactory	Satisfactory

*- Based on the 2016/17 Approved Budget

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having a "Satisfactory" financial health grading. The current rating of Satisfactory is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The Group generated a surplus before other gains and losses in the year of £4,029,092, with total comprehensive income of £5,580,420. This is primarily due to £5,465,603 of capital grant funding received from the Department for Education and the Greater London Authority to fund the interim and long term accommodation for the College.

The Group has accumulated reserves of £5,580,420, which includes cash and short term investment balances of £199,528. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund and in time an endowment.

Financial results (continued)

Tangible fixed asset additions during the year amounted to £5,540,315, the majority relating to the refurbishment of Broad Lane. £2.2m has been spent on the Ashley Road site and will be depreciated once the College begins to occupy the building from Autumn 2019. The Broad Lane site was formally occupied on 19th September 2016. The College continues to work very closely with the Department for Education ('DfE') and the Greater London Authority ('GLA') on its agreed, funded capital programme.

The Group has significant reliance on the education sector funding bodies for its principal income source. In 2016/17 the FE funding bodies provided 63% of the Group's total income (excluding Capital grants) with the rest raised through philanthropy and other grant based income relating to specific projects such as Ada Advance.

The College has one charitable subsidiary company, National College for Digital Skills Limited (Charity Registration number: 1158399, Company Registration number: 08763964). The principal activity of National College for Digital Skills Limited is the provision of back office support staff and services for the college's building and operations. A service level agreement exists between the College and National College for Digital Skills Limited for the recharging of operational costs. For the current year, National College for Digital Skills Limited has utilised brought forward reserves to fund operations.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the College's Funding Agreement with the ESFA.

Cash flows and liquidity

At £5,580,420, net cash flow from operating activities was reasonably strong. The net cash flow resulted from the receipt of capital grants of £5,465,603 and the management of other resources.

During the period the College received the first tranche of an unsecured working capital loan from the Department for Education. This loan is to ensure liquidity and provide short-term funding during the early years of the College's operations until learner volumes increase in line with the College's agreed business plan, which the Board and leadership team and major funders have all provided sign-off on.

The size of the College's total borrowing is manageable in the context of the College's overall budget and it is the College's intention to begin repaying the loan from 2019 onwards with full repayment anticipated by 2021.

Reserves policy

The Group 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 Group's reserves include £5,626,870 held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stood in deficit by £46,450. It is the Corporation's intention to increase reserves over the next 5 years through the generation of increasing annual operating surpluses and philanthropic support for the College's strong social mission.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

The College's financial health grading is "Satisfactory". This is largely the consequence of capital funding for the Broad Lane and Ashley Road sites, prudent spending in 2016/17 and modest reserves brought forward. The College maintains its financial performance based on diversified income streams relating to the programmes it runs, grant income from specific projects and philanthropic support. This is supplemented by contractually committed capital funding from the DfE and the GLA.

The College maintains a good working relationship with Lloyds Banking Group with regular dialogue to discuss the College's on-going financial requirements. During 2016/17 no significant events relating to the financial health of the College occurred and the Board of Governors are confident the budget for 2017/18 is robustly prepared, conservative and achievable by the College's executive team.

Student numbers

In 2016/17 the College has delivered activity that has produced £467,059 in EFSA 16-19 funding and £11,504 in Apprenticeship related income.

Student achievements

Students and Apprentices have enrolled at the College for the first time during 2016/17 and it is exciting to see them breathe life into the College as the inaugural cohorts. We are already excited by their passion for technology, intellect, curiosity and collaboration. In 2017/18 our 16-19 students will sit their public examinations. We are pleased to report that our inaugural apprentices all passed their core module examinations.

The College is actively working with its Members of Corporation and supporters to continue to improve the quality of teaching and learning and assessment to continue to improve student progress and progression.

Curriculum developments

The College aims to develop a reputation for curriculum innovation and change. The College has adopted Level 3 BTec and A-level qualifications for its 16-19 provision but has implemented a unique industry-focused pedagogy that helps bring the curriculum to life for its students. The College also provides English and Maths provision at Level 2 to support students required to retake these qualifications.

The College has created its own Foundation and BSc qualifications during the year that have been validated by the Open University. Delivery of the Foundation Degree commenced in May 2017 as the core component of the College's Higher level Apprenticeship programme.

The College remains focused on supporting all its students, especially those from low income households and young women, into highly skilled entry-level roles in the digital sector and the College's curriculum is geared towards its existing programmes of study. The College provides coaching, mentoring and other forms of pastoral support for any learners that need it as well as extensive SEN support for students where needed, including diagnosis and individual learner support plans.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 8 August 2016 to 31 July 2017, the College paid 90% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There have been no significant post balance sheet events

Future prospects

The College is actively seeking temporary accommodation, in addition to its Broad Lane campus to accommodate the demand for learner volume growth, particularly relating to its Apprenticeship programme where demand from employers has been significant. A variety of options have been identified and the College's Board and leadership team are actively pursuing discussions. From 2019 onwards, significant additional capacity will be provided by the new building at Ashley Road, which will allow the College to significantly increase learner numbers to in excess of 1,200.

The College is actively discussing future digital curriculum pilots and projects with Department for Culture, Media and Sport to build on the success of the Ada Advance pilot programme.

The College continues to work closely with a very wide range of industry partners from large corporates to SMEs and start-ups in a wide variety of ways. The employment of a new Head of External Relations provides additional capacity for the College to pursue the giving of philanthropic support to the College from industry partners and individuals. The College therefore hopes to conservatively increase the level of philanthropic support in the coming year.

Whilst the Group has reported a surplus for the period, unrestricted reserves at 31 July 2017 were in deficit by £46,450. The cash required to support the deficit has been provided by the Department for Education via an initial drawdown of £140,000 against an unsecured working capital loan of £420,000.

The Board has approved a budget for 2017/18 which results in a deficit of approximately £274,000. The deficit will be funded by the remaining drawdown of £280,000 of the working capital loan.

The College acknowledges that during this period of growth, cash flow will be challenging and will continue to monitor and report on financial performance and cash flow on a monthly basis to the Senior Leadership and periodically to the Board. The College will take remedial action to reduce its cost base where possible in order to maintain the deficit at budgeted levels.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the Broad Lane site, costing £3.2m to refurbishment.

People

The Group employs 18 people (12 when expressed as full time equivalent). 50% are teaching staff with some staff fulfilling both teaching and operational roles. A significant minority of staff work on a part-time and/or fixed term basis. This is in recognition of the College's current position as a new organisation and is appropriate for the level of support needed to deliver an outstanding education to the College's learners.

RESOURCES (continued)

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken work during the period 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.

Based on the strategic plan, the College's Leadership team regularly undertakes a comprehensive review of the risks to which the College is exposed and shares this with the Audit Committee and the full Corporation at least three times per annum. The leadership team identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented. The main document used is a risk register that is maintained at the Group level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

1. **Delays to the new Ashley Road Building**

   The Ashley Road Building project was originally planned to complete in September 2018. Delays to site acquisition and planning permission have delayed the opening date to Autumn 2019. The availability of the new building underpins the College's growth strategy, student numbers and funding and ultimately financial viability. Further delays to the completion of the site beyond Autumn 2019 will have a significant impact on the College's growth trajectory.

   This risk is mitigated in a number of ways:

   - Continuous monitoring of project risks and project progress and plans
   - Identifying alternative short term accommodation
   - Working with Haringey Council and the Greater London Authority to support the planning process.

2. **Failure to maintain the financial viability of the College**

   The College's current financial health grade is classified as "Satisfactory" as described above. This is largely the consequence of capital funding for the Broad Lane and Ashley Road sites, prudent spending in 2016/17 and modest reserves brought forward. Notwithstanding that, the continuing challenge to the College's financial position remains the pressure on growing Sixth Form and Apprenticeship student numbers, increasing revenue, repaying the working capital loan and breaking even. This risk is mitigated in a number of ways:

   - By rigorous budget setting procedures and sensitivity analysis
   - Regular in year budget monitoring
   - Robust financial controls
   - Exploring ongoing procurement efficiencies

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- FE Commissioner
- Staff;
- Employers
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions; and
- Universities

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

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 that place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College works hard to encourage applications from potential employees with disabilities and is committed to the principles of equal opportunities employment for all. 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 that, as far as possible, provide identical opportunities to those of non-disabled employees.

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 ensured a full access audit.

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

c) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 13/12/17...... and signed on its behalf by:

Tom Ilube

Chair of the Corporation

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the Group and the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 8 August 2016 to 31 July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The Group is committed to exhibiting best practice in all aspects of corporate governance and in particular the Group has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Members of Corporation, the Group complies with all the provisions of the Code, and it has complied throughout the period ended 31 July 2017. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The 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	Category of Membership	Date of Appointment	Date Term ends *(resignation if earlier)*	Attendance Rate 2016/17	Committees Served			
					A	E	S	R
Tom Ilube *(Chair)*	Independent Member	9.8.16	9.8.18	71%		✓	✓	
Nick Wilcock (Vice Chair)	Independent Member	9.8.16	9.8.19	100%	✓			✓
Sir Rod Aldridge	Independent Member	9.8.16	9.8.20	86%	✓			
Kym Andrew	Independent Member	9.8.16	9.8.19	71%		✓	✓	
Andrew Butcher	Independent Member	27.9.17	9.8.18	100%	✓			

Name	Category of Membership	Date of Appointment	Date Term ends (resignation if earlier)	Attendance Rate 2016/17	Committees Served			
					A	E	S	R
Steve Davies	Independent Member	9.8.16	9.8.20	86%	✓			✓
Rachel Jackson	Independent Member	9.8.16	9.8.18	86%		✓		
Chris Payne	Independent Member	9.8.16	9.8.19	86%	✓			✓
Jeni Tennison	Independent Member	9.8.16	9.8.20	100%		✓	✓	
Kevin Walsh	Independent Member	9.8.16	9.8.18	71%			✓	
Mark Smith	CEO	12.7.17	N/A	100%	✓			

Committees:

A = Audit S = Search
E = Education R = Remuneration

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 Group 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 6 times a year.

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 Education, Audit, Search and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website www.ada.ac.uk or from the Clerk to the Corporation at:

Clerk to the Board
Ada, National College for Digital Skills
Broad Lane
Tottenham Hale
London
N15 4AG

The Clerk to the Corporation maintains a register of financial and personal interests of the Members of the Corporation. The register is available for inspection at the above address.

The Corporation (continued)

All Members of the Corporation 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 Members of the Corporation 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 Chairman and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of three members of the Corporation, which is responsible for the selection and nomination 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 four years.

Corporation performance

As the Corporation is a new entity operating in its first financial period, no self-assessment has yet been conducted. A self-assessment will be conducted in 2017/18 for the first time reflecting on past performance and identifying areas for on-going improvement and strategies to achieve this.

Remuneration Committee

Throughout the period ended 31 July 2017, 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 period ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College 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 Committee.

Management is responsible for the implementation of agreed audit recommendations.

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

Search Committee

The College's Search Committee meets once a year and was established to support the efficient and timely recruitment and appointment of Members of Corporation. This includes the appointment of specific Corporation members such as a staff or student nominees. The Search Committee also oversees the selection process for the Chair of Corporation.

Education Committee

The Education Committee meets termly. The Committee reviews the academic performance of the students and apprentices at the College as well as the performance of all teaching staff (and pastoral staff where appropriate) to ensure a rigorous and accountable system of assessment is in place that supports strong student progress and progression.

The College's senior leadership and in particular its academic leaders are held to account by this Committee and where necessary produce actions plans and specific strategies to remedy identified areas for improvement that are signed off by this Committee and where deemed necessary shared with the wider board.

This Committee also has sight of the minutes of the Group's Academic Board that provides scrutiny and oversight of its degree programmes.

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 Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreement between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group 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 at the Group and College for the period ended 31 July 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the Groups's significant risks that has been in place for the period ended 31 July 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the Corporation Members 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.

Internal Audit for 2016/17:

The College had not appointed an internal audit service for the period ended 31st July 2017. For that period, the College management and Corporation Members have assessed the internal controls.

In 2016/17, the assurance over key financial controls was undertaken by the external auditors. In 2017/18, a detailed board assurance framework will be developed, mapping assurance sources against the risks identified. Based on this, the Audit Committee will consider the extent of additional assurance needed for the Group and the College.

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 executive managers within the College who have responsibility for the development and maintenance of the internal controls; and
- comments made by the College's financial statements and regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control mechanisms by the Audit Committee, which oversees the internal monitoring processes and procedures 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 Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2017 meeting, the Corporation carried out the annual assessment for the period ended 31 July 2017 by considering documentation from the senior management team and the external auditors and taking account of events since 31 July 2017.

Based on the advice of the Audit 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"*.

Going concern

The Group generated a surplus for the period of £5,580,420. On a College basis, which excludes the capital works and related funding as well as depreciation costs, the loss for the period was £102,708. At 31 July 2017, the Group had net assets of £5,580,420, of which £5,527, 802 related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in deficit by £46,450 at 31 July 2017. At the College level, the net liabilities were £102,708 which also equated to its free reserves at 31 July 2017. Given the start up nature of operations in the period, a deficit budget for 2016/17 had been planned and anticipated and a working capital loan facility of £420,000 had been agreed with the DfE. At the period end, the Group had needed to draw £140,000 against the facility. For 2017/18, the Corporation has approved a deficit budget of approximately £270,000. A further draw down of the working capital loan facility with the DfE will be required in order finance the deficit. Consequently, a further £280,000 will be drawn down in addition to the £140,000 needed in 2016/17. The loan will not be repayable until 2019, enabling the Group and the College to build its reserves in the meantime.

Capital works of £5,465,603 have been grant funded by the DfE and Greater London Authority.

It is acknowledged that cash flow will be challenging during certain periods over the next two years and the College will take remedial action to reduce its cost base where possible. The senior leadership team and the Board will continue to monitor and challenge cash flow through the various committees and meetings.

After making appropriate enquiries, the Corporation considers that the Group and 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.

Approved by order of the members of the Corporation on.13|.12|.17.....and signed on its behalf by:

Tom Ilube
Chair of Governors

Mark Smith
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 funding agreement. As part of our consideration we have had due regard to the requirements of the funding agreement.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Group and the College, or material non-compliance with the terms and conditions of funding under the College's funding agreement.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Mark Smith
Accounting Officer
Date: 13|12|17

Tom Ilube
Chair of Governors
Date: 13|12|17

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Funding Agreement with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the ESFA, and which give a true and fair view of the state of affairs of the Group and the College and the result 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 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 Group and the College will continue in operation.

The Corporation is also required to prepare a Members' Report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Group and the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the Group and 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 expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Agreement with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on..13|12|17...... and signed on its behalf by:

Tom Ilube
Chair of Governors

Independent auditor's report to the Corporation of Ada National College for Digital Skills

Opinion

We have audited the financial statements of Ada National College for Digital Skills (the 'College') and its subsidiary (the 'Group') for the period ended 31 July 2017 which comprise the group statement of comprehensive income, the group and parent college statement of changes in reserves, balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2017 and of the Group's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the 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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 intends to liquidate the Group or the College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

Buzzacott LLP 19 December 2017

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Reporting accountant's assurance report on regularity

To: The Corporation of Ada National College for Digital Skills and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 24 August 2017 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Ada National College for Digital Skills during the period 8 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Ada National College for Digital Skills and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 8 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Reporting accountant's assurance report on regularity (continued)

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 8 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP 19 December 2017

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Ada National College for Digital Skills

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	8 August 2016 to 31 July 2017	
		Group	College
		£	£
INCOME			
Funding body grants	2	469,563	469,563
Tuition fees and education contracts	3	9,000	9,000
Other grants and contracts	4	5,665,603	-
Other income		4,890	-
Investment income	5	277	17
Donations and Endowments	6	259,584	94,832
Total income		**6,408,917**	**573,412**
EXPENDITURE			
Staff costs	7	862,824	529,636
Other operating expenses	8	483,452	146,484
Depreciation	10	1,033,194	-
Loss on disposal of assets		355	-
Total expenditure		**2,379,825**	**676,120**
Surplus/(deficit) before exceptional items and other gains and losses		**4,029,092**	**(102,708)**
Funds introduced from transfer of National College for Digital Skills Limited	18	1,551,328	-
Surplus/(deficit) before tax		**5,580,420**	**(102,708)**
Taxation	9	-	-
Total Comprehensive Income for the year		**5,580,420**	**(102,708)**
Represented by:			
Restricted comprehensive income		**5,626,870**	-
Unrestricted comprehensive income		**(46,450)**	**(102,708)**
		5,580,420	**(102,708)**

The statement of comprehensive income is in respect of continuing activities.

Ada National College for Digital Skills

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Restricted reserves	Total
	£	£	£
Group			
Balance at 8 August 2016	-	-	-
(Deficit)/surplus from the income and expenditure account	(60,456)	5,640,876	5,580,420
Transfers between capital and income and expenditure reserves	14,006	(14,006)	-
Total comprehensive income for the period	(46,450)	5,626,870	5,580,420
Balance at 31 July 2017	**(46,450)**	**5,626,870**	**5,580,420**
College			
Balance at 8 August 2016	-	-	-
Deficit from the income and expenditure account	(102,658)	-	(102,658)
Total comprehensive income for the period	(102,658)	-	(102,658)
Balance at 31 July 2017	**(102,658)**	**-**	**(102,658)**

Ada National College for Digital Skills

Balance sheets as at 31 July

	Notes	Group 2017 £	College 2017 £
Non-current assets			
Tangible fixed assets	10	5,527,082	-
		5,527,082	-
Current assets			
Trade and other receivables	11	520,278	10,800
Cash and cash equivalents	14	199,528	109,874
		719,806	**120,674**
Creditors – amounts falling due within one year	12	(526,468)	(83,382)
Net current assets		**193,338**	**37,292**
Total assets less current liabilities			
Creditors – amounts falling due after more than one year	13	(140,000)	(140,000)
Total net assets (liabilities)		**5,580,420**	**(102,708)**
Restricted reserves	19		
Student bursaries		47,732	-
Capital reserve		5,579,138	-
Total restricted reserves		5,626,870	-
Unrestricted reserves			
Income and expenditure account		(46,450)	(102,708)
Total unrestricted reserves		**(46,450)**	**(102,708)**
Total reserves		**5,580,420**	**(102,708)**

The financial statements on pages 26 to 45 were approved and authorised for issue by the Corporation on 13|12|17............ and were signed on its behalf on that date by:

Tom Ilube
Chair of Governors

Mark Smith
Accounting Officer

Ada National College for Digital Skills

Consolidated Statement of Cash Flows

	Notes	Group 2017 £
Cash flow from operating activities		
Surplus for the period		5,580,420
Adjustment for non-cash items		
Depreciation		1,033,194
Increase in debtors		(520,278)
Increase in creditors due within one year		526,467
Adjustment for investing or financing activities		
Investment income		(277)
Loss on sale of fixed assets		355
Net cash flow from operating activities		6,619,881
Cash flows from investing activities		
Investment income		277
Fixed assets introduced from National College for Digital Skills		(1,020,315)
Payments made to acquire fixed assets		(5,540,315)
		(6,560,353)
Cash flows from financing activities		
New unsecured loans		140,000
Increase in cash and cash equivalents in the year		**199,528**
Cash and cash equivalents at beginning of the period	14	-
Cash and cash equivalents at end of the period	14	**199,528**

Ada National College for Digital Skills

Notes to the financial statements

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2016 to 2017* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, National College for Digital Skills Limited (see further details at note 18), 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.

All financial statements are made up to 31 July 2017.

Going concern

The activities of the Group and the 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 the College, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

The Group generated a surplus for the period of £5,580,420. On a College basis, which excludes the capital works and related funding as well as depreciation costs, the loss for the period was £102,708. At 31 July 2017, the Group had net assets of £5,580,420, of which £5,527, 802 related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in deficit by £46,450 at 31 July 2017. At the College level, the net liabilities were £102,708 which also equated to its free reserves at 31 July 2017. Given the start up nature of operations in the period, a deficit budget for 2016/17 had been planned and anticipated and a working capital loan facility of £420,000 had been agreed with the DfE. At the period end, the Group had needed to draw £140,000 against the facility by the year end. For 2017/18, the Corporation has approved a deficit budget of approximately £270,000. A further drawn of the working capital loan facility with the DfE will be required in order finance the deficit. Consequently, a further £280,000 will be drawn down in addition to the £140,000 needed in 2016/17. The loan will not be repayable until 2019, enabling the Group and the College to build its reserves in the meantime.

Capital works of £5,465,603 have been grant funded by the DfE and Greater London Authority.

Going concern (continued)

It is acknowledged that cash flow will be challenging during certain periods over the next two years and the College will take remedial action to reduce its cost base where possible. The senior leadership team and the Board will continue to monitor and challenge cash flow through the various committees and meetings.

The College has reported an operating deficit on the unrestricted fund of £60,456.

The Board has approved a budget for 2017/18 which shows a deficit of approximately £270k. This will be funded by the Department for Education working capital loan of £420k (2016/17: £140k, 2017/18: £280k).

It is acknowledged that cash flow will be challenging during certain periods over the next two years of growth and consequently the College will take remedial action where possible to minimise its cost base and maximise revenue and continue to track cash flow on a monthly basis at a senior management level.

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

Recognition of income

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 learner-responsive funding is not normally 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 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 are recognised in income when the Group and 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.

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.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS). This is a defined benefit plan, which is externally funded and contracted out of the State Second Pension. Post-employment benefits to support staff employed by National College for Digital Skills on a permanent or fixed term basis (minimum of six months) are provided by a defined contribution scheme with Aviva.

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 qualified actuaries on the basis of valuations using a prospective benefit method.

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

Aviva pension scheme

Support staff employed on a permanent or fixed term basis (minimum of six months) by the subsidiary, National College for Digital Skills Limited, are eligible to join the scheme. Contributions are recognised as an expense in the income statement in the periods during which the services are rendered.

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Buildings

Refurbishment costs for the Broad Lane building (occupied from September 2016) is depreciated over the remaining duration of the lease. The lease is due to end in December 2019.

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- computer equipment and software 3 years
- furniture, fixtures and fittings 6 years

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

The Group and 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 Group and 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 Group and the College is not exempt in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company is not subject to corporation tax as it is a registered charity.

Provisions and contingent liabilities

Provisions are recognised when

- the Group and the College has a present legal or constructive obligation as a result of a past event;
- it is probable that a transfer of economic benefit will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the Group and 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 Group and 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

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

2 Funding body grants

	Period ended 31 July	
	2017	**2017**
	Group	**College**
	£	**£**
Recurrent grants		
Education and Skills Funding Agency – 16 -19	467,059	467,059
Education and Skills Funding Agency - apprenticeships	2,504	2,504
Total	**469,563**	**469,563**

3 Tuition fees and education contracts

	Period ended 31 July	
	2017	**2017**
	Group	**College**
	£	**£**
Education contracts	9,000	9,000
Total	**9,000**	**9,000**

4 Other grants and contracts

	Period ended 31 July	
	2017	**2017**
	Group	**College**
	£	**£**
Capital Grant	5,465,603	-
Ada Advance Grant	200,000	-
Total	**5,665,603**	**-**

5 Investment income

	Period ended 31 July	
	2017	2017
	Group	College
	£	£
Interest receivable	277	17
Total	**277**	**17**

6 Donations and endowments

	Period ended 31 July	
	2017	2017
	Group	College
	£	£
Unrestricted donations	259,584	94,832
Total	**259,584**	**94,832**

7 Staff costs

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

	2017	2017
	Group	College
	No.	No.
Teaching staff	5	5
Non-teaching staff	7	1
	12	**6**

Staff costs for the above persons

	2017	2017
	£	£
Wages and salaries	555,690	351,586
Social security costs	58,506	39,730
Other pension costs (note 16)	60,572	46,451
Payroll sub total	**674,768**	**437,767**
Contracted out staffing services	188,056	91,869
Total Staff costs	**862,824**	**529,636**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the College and are represented by the College Leadership Team which comprises the Chief Executive Officer and Dean.

7 Staff costs (continued)

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

	2017 No.
The number of key management personnel including the Accounting Officer was:	**2**

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

	Group	
	Key management personnel	Other staff
	2017 No.	2017 No.
£60,001 to £70,000 p.a.	2	-
	2	**-**

Key management personnel compensation is made up as follows:

	Group 2017 £
Salaries	125,000
Employers' National Insurance	14,825
	139,825
Pension contributions	15,505
Total key management personnel compensation	**155,330**

Total key management personnel includes £152,365 in respect of the College.

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	Group 2017 £
Salaries	62,500
Employers' National Insurance	7,412
	69,912
Pension contributions	7,753

7 Staff costs (continued)

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 Other operating expenses

	Period ended 31 July	
	2017	**2017**
	Group	**College**
	£	**£**
Teaching costs	66,628	51,855
Non-teaching costs	272,872	94,569
Premises costs	143,952	60
Total	**483,452**	**146,484**

Other operating expenses include:	**2017**
	£
Auditors' remuneration:	
Financial statements audit*	12,100
Losses on disposal of fixed assets	355

*Includes £6,300 in respect of the College

9 Taxation

The members do not believe that the Group and the College was liable for any corporation tax arising out of its activities during the year.

10 Tangible fixed assets (Group)

	Leasehold land and buildings				
	Assets in the course of construction	Refurbish-ments	Office & IT Equipment and Software	Furniture & Fittings	Total
	£	£	£	£	£
Cost or valuation					
At 8 August 2016	-	-	-	-	-
Assets introduced from National College for Digital Skills Limited (note 18)	940,658	-	14,830	70,000	1,025,488
Additions	2,245,105	2,691,591	474,269	129,350	5,540,315
Transfers	(571,784)	571,784	-	-	-
Disposals	-	-	(533)	-	(533)
At 31 July 2017	**2,613,979**	**3,263,375**	**488,566**	**199,350**	**6,565,270**
Depreciation					
At 8 August 2016	-	-	-	-	-
Depreciation introduced from National College from Digital Skills Limited (note 18)	-	-	5,172	-	5,172
Charge for the year	-	868,767	136,014	28,413	1,033,194
Elimination in respect of disposals	-	-	(178)	-	(178)
At 31 July 2017	-	**868,767**	**141,008**	**28,413**	**1,038,188**
Net book value at 31 July 2017	**2,613,979**	**2,394,608**	**347,558**	**170,937**	**5,527,082**
Net book value at 8 August 2016	-	-	-	-	-

11 Trade and other receivables

	Group 2017 £	College 2017 £
Trade receivables	480,157	10,800
Prepayments and accrued income	40,121	-
Total	**520,278**	**10,800**

12 Creditors: amounts falling due within one year

	Group 2017 £	College 2017 £
Trade payables	423,183	8,492
Other taxation and social security	33,350	24,830
Accruals and deferred income	66,562	-
Amounts owing to subsidiary undertakings	-	49,007
Other creditors	3,373	1,053
Total	**526,468**	**83,382**

13 Creditors: amounts falling due after one year

	Group 2017 £	College 2017 £
Department for Education Loan Facility	140,000	140,000
Total	**140,000**	**140,000**

The Department for Education has granted a loan facility for £420,000. The first tranche of loan funding amounting to £140,000 was paid to the College in July 2017. The remaining two tranches of £140,000 each were paid to the College in September and November 2017.

The rate of interest charged on the loan is 3.6% per annum.

The loan balance is due to be repaid between February and May 2019.

14 Cash and cash equivalents

	At 8 August 2016 £	Cash flows £	Other changes £	At 31 July 2017 £
Cash and cash equivalents	-	199,528	-	199,528
Total	**-**	**199,528**	**-**	**199,528**

15 Events after the reporting period

There are no events after the reporting period.

16 Pensions

The College's academic staff belong to the Teachers' Pension Scheme England and Wales (TPS). This is a multi-employer defined-benefit plan. Support staff employed by the subsidiary, National College for Digital Skills Limited belong to the Aviva Workplace Pension, a defined contribution scheme.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012.

Total pension cost for the year	**2017** **£**
Teachers' Pension Scheme: contributions paid	46,451
Aviva Workplace Pension Scheme	14,121
Total pension cost for the period within staff costs	**60,572**

Contributions amounting to £2,169 were payable to the Aviva Workplace Pension scheme at 31 July 2017 and are included within creditors. There were no outstanding contributions for the Teachers' Pension Scheme.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

16 Pensions (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

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

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

16 Pensions (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £46,451.

FRS 102 (28)

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.

17 Related party transactions

Due to the nature of the Group and College's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Group and College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Corporation members during the period was £nil.

No Corporation member received any remuneration or waived payments from the Group or the College during the period.

The Group and the College had the following transactions to note:

Aldridge Foundation – a charity of which Sir Rod Aldridge is a trustee.

Transactions totalling £283 relating to the provision of payroll support took place. There were no amounts outstanding at 31 July 2017.

National College for Digital Skills Limited – a wholly owned subsidiary providing operational and marketing support to the College.

17 Related party transactions (continued)

The College paid the National College for Digital Skills Limited £90,000 during the period relating to the provision of operational and marketing support. A balance of £49,007 was due to the National College for Digital Skills Limited at the balance sheet date.

18 Transfer of National College for Digital Skills Limited

With effect from 9 August 2016, by means of a transfer of membership, the activities, assets and liabilities in respect to the operation of National College for Digital Skills (Charity registration number 1158399; Company Registration Number 08763964, England and Wales) came under the control of Ada National College for Digital Skills.

The net assets and liabilities introduced as a result of the transfer of the National College of Digital Skills comprised:

	£
Tangible fixed assets	1,020,315
Debtors	637,993
Cash at bank	714,948
Creditors: amounts falling due within one year	(821,928)
Net assets	**1,551,328**

18 Transfer of National College for Digital Skills Limited

A summary of the results of the charity for the period ended 31 July 2017 are given below:

	Unrestricted funds £	Restricted income funds £	Restricted capital funds £	Total 2017 £
Income				
Donations	129,365	35,387	-	164,752
Income from charitable activities:				
Funding for the College's Educational Activities	-	200,000	5,465,603	5,665,603
Other income	95,150	-	-	95,150
Total income	224,515	235,387	5,465,603	5,925,505
Expenditure				
Expenditure on charitable activities	532,934	198,649	1,062,123	1,793,706
Total expenditure	532,934	198,649	1,062,123	1,793,706
Net (expenditure)/income before transfers between funds	(308,419)	36,738	4,403,480	4,131,799
Transfers between funds	14,006	(14,006)	-	-
Net (expenditure)/income after transfers between funds	(294,413)	22,732	4,403,480	4,131,799
Reconciliation of funds				
Total funds brought forward	350,670	25,000	1,175,658	1,551,328
Total funds carried forward	56,257	47,732	5,579,138	5,683,127

19 Restricted funds

	At 8 August 2016	Incoming resources	Resources expended	Transfers*	At 31 July 2017
	£	£	£	£	£
a) Restricted funds – Bursaries	-	35,387	(12,655)	25,000	47,732
b) Restricted funds – Ada Advance	-	200,000	(185,994)	(14,006)	-
c) Capital grant	-	5,465,603	(1,062,123)	1,175,658	5,579,138
	-	**5,700,990**	**(1,260,772)**	**1,186,652**	**5,626,870**

a) Bursaries – funding provided for student bursaries

b) Ada Advance - funding from the Department for Digital, Culture, Media & Sport for delivering a computer coding training program

c) Capital Grant - funding from the Department for Education and Greater London Authority for capital costs associated with the premises, IT and equipment

* - Transfers include £1,200,658 of funds received from the transfer of National College for Digital Skills Limited.