

ADA NATIONAL COLLEGE FOR DIGITAL SKILLS

**Report and Financial Statements
for the year ended 31 July 2020**

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 2019/20:

Mark Smith, Principal and CEO (Accounting Officer)

Tom Fogden, Dean

Members of the Corporation

A full list of Members is given on pages 15 and 16 of these financial statements.

Jacky Gearey 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

Principal address and registered office:

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Fountayne Business Centre

Broad Lane

London

N15 4AG

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Strategic Report

1. OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Ada National College for Digital Skills for the year ended 31 July 2020.

1.1 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.

1.2 Mission, Vision, Strategy and Objectives

1.2.1 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.'

1.2.2 Strategy and Objectives

In 2019/20, the College continued to focus on its original five year strategic plan covering the period from 2016 through to 2021.

The objectives and goals of this plan were 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

1.2.3 Implementation of strategic plan

The College's specific strategies for 2019/20 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, Data Analytics and other programmes based on industry demand.*
- *Be a beacon of best practice in employment-focused provision*

Following a strong set of academic results - Ada is now recognised as one of the top institutions in the country for its Computer Science BTEC qualification achieving 60% at Distinction or Distinction* level.

The College achieved a 100% pass rate in A-levels (based on Centre Assessed Grades or CAGs). Results improved substantially in Maths (69% A*-A) and Graphics (59% A*-A). Other A-level subjects such as Business Studies were more mixed and a focus for continued improvement.

1.2.3 Implementation of strategic plan (continued)

Students continue to be involved in industry projects with organisations such as Salesforce and King Games, receive coaching from volunteers from the tech industry and participate with events such as a 'Hackathon' with Deloitte.

We enrolled our largest cohort of 96 apprentices from 11 different companies in October 2019 at our Whitechapel campus. The building operated at full capacity for the Launchpad period and we had to rent additional space from a local community centre for some sessions. Our Tech Consultant Degree apprenticeship is proving especially popular with employers such as EY, Salesforce and Deloitte alongside our Software Development programme which again had strong representation from prestigious companies such as Google and Facebook.

Covid-19 has presented specific challenges within the year that required us to switch within 48 hours to a fully remote delivery model for the duration of the Lockdown period from March through until July 2020. The College responded superbly to these challenges and there was no pause in the delivery of effective teaching and learning to all our learners. The College utilised the Workplace platform and Google Enterprise Suite for Education to good effect to maintain effective staff collaboration as well as remote delivery using Google Meet, Google Drive and Google Classroom.

For our 6th form we revised our timetable but continued to record attendance in the normal way each morning and saw very little decline in attendance or punctuality even from our Year 13 who had their exams cancelled. We continued to offer high quality pastoral and safeguarding support with virtual counselling sessions available for students as needed and individual support if required.

For our apprentices we switched to recording levels of engagement rather than just attendance moving to a micro-assessment model to gauge progress on modules. The quality of our feedback from apprentices actually improved in many instances offering interesting insights into a more blended learning model for the future.

- *Being an Aspirational Alternative to University.*

For the first time Ada has offered the full 3-year BSc. digital degree apprenticeship utilising 3 of the possible 6 pathways - software development, data analytics and the Tech Consultant pathway. The launch of our Tech Consultant pathway has proved particularly popular. We have received grant funding to further explore obtaining degree-awarding powers in future years and to help us prepare to achieve this successfully - a consultant has been retained to support these efforts and our Academic Governance structure remains rigorous and is reviewed every year by the Open University, our current University validating partner.

- *Recruit 50% of our students from low-income backgrounds in order to use digital skills as a tool for social mobility*

We are pleased to say our focus on diversity recruitment has continued to be successful. Across the College 48% of our learners are from low-income backgrounds and 28% of our apprentices were from disadvantaged backgrounds. We are starting to work with companies more proactively to support them to recruit students from disadvantaged backgrounds and hope this will become an additional, chargeable service in a few years' time once sufficient expertise and track record has been established.

- *Recruit 50% of our students as young women to help address the gender disparity in the digital sector*

28% of our learners are young women and specifically, 32% of our new apprentices. The industry benchmark is 17%. We continue to work hard to meet our diversity goals, particularly attracting more young women into the 6th form through the work of our Outreach Team who have delivered workshops, seminars and careers sessions in over 100 schools in Greater London and the Home Counties.

1.2.4 10 Year Business Plan

In June 2020, the new Minister for Skills, Gillian Keegan asked the College to articulate a new 10-year business plan that would see the College realise its full 'national' remit. The College, with pro bono support from Deloitte (valued at £66,816), worked intensively over a 5-week period to produce this updated business plan that was submitted in July 2020 to the Department for Education ('DfE'). We have received positive feedback from the Minister, the Special Adviser and DfE officials.

The 10 year business plan emphasised that Ada exists to educate and empower the next generation of diverse tech talent and aspires to become a truly national college for digital skills that:

- 1) Closes the UK's digital skills gap, providing a sustainable pipeline of high quality, diverse talent that supports the growth of the UK's tech industry.
- 2) Acts as a platform for social mobility, bridging the gap between education and employment for those from disadvantaged backgrounds and that benefit the least from the positive disruption caused by technology.
- 3) Drives greater representation in tech across gender and ethnicity

The goals set for the College, included:

- Transforming the lives of 10,000 16-24 year old and benefiting an additional 10,000 learners over the next decade
- Ensuring that at least 50% of these learners meet at least one of the diversity focus areas around gender, ethnicity, and disadvantaged backgrounds.

In order to achieve these goals and make a sustainable impact on our learners, over the next decade Ada's focus will be to expand, optimise and diversify operation with four strategic actions that build upon Ada's existing platform:

- 1) Expand and optimise Ada's core through a digitally enabled blended learning model, increasing reach, capacity and efficiency, access existing regional infrastructure (e.g. other FE facilities and industry offices) and build a network of regional hubs.
- 2) Scale and Develop Teacher Training to provide a diverse pipeline of talent for the College's expanding regional and for other FE colleges.
- 3) Partnering with other FE colleges and social mobility focused organisations to offer upskilling courses (Traineeships, short courses and boot camps).
- 4) Partner with other FE colleges to licence our proprietary assets (e.g. curriculum and teaching methods).

We are now working through the detail of the plan and its implications for the College's capital funding.

1.2.5 Capital Project

In late Summer 2020, we received confirmation that the College will be supported by the DfE's Capital team to restart its premises search with a view to having premises identified and secured for its London base by March 2021. A short-list of property options has been compiled by the DfE Capital team and Ada's Projects Director and is currently under review. Capital funding from the Greater London Authority ('GLA') remains in place though at £16.8m.

1.3 Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

1.3.1 People

The Group employs 41 staff. 49% are teaching staff with some staff fulfilling both teaching and operational roles. A 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 relatively new organisation and is appropriate for the level of support needed to deliver an outstanding education to the College's learners.

1.3.2 Student numbers

The College enrolled 95 students into the sixth form in August 2020, bringing the total number of students in the sixth form to 154. The total number of apprentices enrolled on level 4 and 6 programmes amounted to 230 in September 2020.

1.3.2 Tangible Assets

Tangible resources include the Broad Lane site, costing £3.3m to refurbish and the Whitechapel premises costing £103k to refurbish. At 31 July 2020, the College had cash balances of £2.1m.

1.3.3 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. At the board's behest we have engaged a PR agency for a number of months in the year to raise our profile with the Government as well as potential learners.

The College received a 'Good with Outstanding Features' Ofsted rating in October 2018.

1.4 Stakeholders

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.

1.5 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 15 and 16.

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.

1.5 Public Benefit (continued)

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

2. DEVELOPMENT AND PERFORMANCE

2.1 Financial results

The Group incurred a surplus and total comprehensive income of £743,288 for the year (2019 - a deficit of £4,369,966 after exceptional items, surplus of £600,687 before exceptional items). The improvement in performance from the prior year was largely due to an increase in apprenticeship funding of £502,000 driven by the increase in apprentices enrolled and an increase in philanthropic support of £426,172. The College generated £1,215,281 of fundraising income during the year from donors including Salesforce, Bank of America, King and high net individuals as well donated services from Deloitte and grant funding from Manchester City Council and the Department for Culture, Media and Sport. The large deficit in the prior year was due to the write down of assets in the course of construction relating to the Ashley Road site of £4,970,653.

The Group has accumulated reserves of £1,995,348 (2019: £1,252,060), which includes cash and short term investment balances of £2,148,586 (2019: £590,875) and a working capital loan of £280,000 (2019: £310,000). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund and in time an endowment.

Tangible fixed asset additions during the year amounted to £42,800, the majority relating furniture and fittings and IT equipment for the Whitechapel site.

The Group has significant reliance on the education sector funding bodies for its principal income source. In 2019/20 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.

2.2 Cash flows and liquidity

At £1,641,846, net cash inflow from operating activities has exceeded expectations and budget. The net cash flow resulted from the fundraising income exceeding budget.

The College repaid £30,000 of the unsecured working capital loan of £420,000 from the Department for Education, bringing the total outstanding balance to £280,000 at 31 July 2020. 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.

2.3 Group Companies

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.

3. FUTURE PROSPECTS

3.1 Future Developments

The College now occupies two sites in London that provide for proposed volume growth for the next 18-24 months. As risk 1 on page 10 highlights, the lease on Broad Lane expired in December 2020. A 3 year lease extension to December 2023 was agreed and signed in December 2020. The College is also working with the DfE, GLA and Haringey Council to identify an alternative site that will provide the College with permanent accommodation in London that will house both the sixth form and apprenticeship provision.

The College secured funding from Manchester City Council, DCMS and successful tech entrepreneurs in the year to support the launch of a pilot apprenticeship programme in the Greater Manchester Region. A Regional Manager was hired in April 2020 to lead this work, supported by the CEO and Dean and a Regional Industry Advisory Board. Training space has been secured rent free for up to 24 months and £402,000 of donations and grant funding has been secured to support the establishment of Ada in the region. This upfront financial support and low operating costs allows Ada to begin to operate in the region, benefitting learners and establishing a reputation without committing substantial financial and other resources. Governance and oversight is provided by a link Governor on the Board of Governors for now and update reports at every Board meeting.

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 fundraising manager 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.

3.2 Financial Plan

The Board approved a financial plan in July 2020 which sets objectives for the period to 2023. The budget for the period ending July 2021 anticipates a surplus of £128k.

The College acknowledges that during this period of growth and uncertainties related to COVID-19, 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 the Board. The College will take remedial action to reduce its cost base where possible in order to minimise the deficit position.

3.3 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.

3.3 Treasury policies and objectives (continued)

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.

3.4 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 £45,949 held as restricted revenue reserves. As at the balance sheet date the unrestricted Income and Expenditure reserve was in surplus by £901,490 (2019: £9,122 deficit). 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.

4. 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 identifies 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. Failure to find a suitable alternative permanent home for the College

The college currently operates from leased accommodation. The Broad Lane lease which was due to expire in December 2020 has been extended by 3 years. The Whitechapel building used to house apprentices has a five-year lease running to April 2024. The College's long-term strategy is to house both the Sixth form provision and the Apprenticeship programme in one building to support growth, minimise costs and maximise cross programme working.

Failure to identify a suitable permanent home will result in limited growth, poor experience for students and staff and higher running costs for interim premises and reputational damage. This risk is mitigated by:

- The DfE, GLA and Haringey Council working with the College to identify and secure a site/building that will provide the College with permanent accommodation in London. The DfE capital team along with Ada's Projects Director have agreed a short-list of potential options and are currently reviewing this with oversight from the College's Finance and Resources Committee.

2. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Outstanding" (as detailed in Key Performance Indicators). This is largely the consequence of fundraising targets exceeding budget,

higher than budgeted apprenticeship volumes, part repayment of the working capital loan and prudent spending in 2019/20. Notwithstanding that, the continuing challenge to the College's financial position remains the pressure on growing Sixth Form and Apprenticeship student numbers, increasing revenue, generating fundraising, repaying the working capital loan and delivering a self-sustaining sixth form. This risk is mitigated by:

- Rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Employing additional fundraising and business development resource
- Exploring ongoing procurement efficiencies

5. KEY PERFORMANCE INDICATORS

The Colleges key performance indicators, targets and results are set out below.

5.1 Financial measure

Key performance Indicator	Measure/Target* 2019/20	Actual for 2019/20
Operating surplus/sector EBITDA as % of income	5%	26%
Staff costs as % of income	72%	59%
Cash days in hand/liquidity (adjusted current ratio)	50	246
Borrowing as % of income	6%	8%
Reliance on ESFA income	75%	63%
Current Ratio	1.3	2.1
Financial Health Score	Good	Outstanding

*Based on the 2019/20 Approved Budget

5.2 Student numbers

In 2019/20 the College has delivered activity that has produced £896,199 in EFSA 16-19 funding and £1,403,479 in Apprenticeship related income.

Volumes have grown broadly in line with the business plan though with a higher percentage enrolling on the apprenticeship programme than the 6th form. Meeting these recruitment targets shows a strong focus on hitting KPIs however as a young college we do not yet know quite how each different programme will grow and will need to monitor these trends carefully so we can better forecast in the future.

5.3 Student achievements

In summer 2020, the College received its third set of 16-19 academic qualification results. These are summarised below:

- BTEC Computer Science performance: 100% pass rate. 60% at Distinction or Distinction * level. On average our students perform one grade above the national average for every module of their qualification. This makes us the highest performing education institution in the country for that qualification.

- A-Level performance: 43% of entries are A*-A (2019: 24%), 64% A*-B (2019: 37%), and 100% A*-E (2019: 98%)
- Progression Summary: 18% progressed to Higher Level or Degree apprenticeships, 66% progressed to University, 6% went direct into full time employment and 3% are awaiting apprenticeship offers. 6% of students do not as yet have confirmed next steps and we are continuing to support them.

Our Apprentices also continue to perform strongly in their module performance with 100% on course to achieve their Foundation or BSc. degree. On average 68% are achieving Distinction or Merit for each module they study.

We now have a small but fast-growing alumni community of 180+ 6th form students and 20+ apprentices. By spring 2021 this will increase to nearly 300 with a large number of apprentices due to complete their End Point Assessment providing meaningful benchmark performance data for us to use. We are exploring ways that we can better support them.

The College is actively working with the leadership team and teaching staff to continue to improve the quality of teaching and learning and assessment to continue to improve student progress and progression.

5.4 Self Assessment Report

The College published its third Self-Assessment Report (SAR) in autumn 2019. Our Education Committee continues to scrutinise this report on an annual basis and now consists of greater education expertise increasing the rigour of our analysis and the quality of our improvement plans.

Overall it was a good fourth year of operation that we navigated successfully despite the challenges presented by Covid-19. The challenge is now to build on this firm foundation across financial, academic and volume targets while maintaining the quality of our teaching and learning.

5.5 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 either the provision of goods or services or the date on which the invoice was received. During the accounting period 1 August 2019 to 31 July 2020, the College paid 74% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

6 EQUALITY AND DIVERSITY

6.1 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.

Following the Black Lives Matter campaign, the College has consulted with staff and learners and formed the new Equality, Inclusion and Diversity Committee in summer 2020 to increase our efforts in this regard with representatives from across the College, including students and apprentices.

6.2 Disability statement

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

- As part of its accommodation strategy the College ensured a full access audit.
- 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.
- The College has invested in additional learning assistants to support students with learning difficulties and/or disabilities.
- 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.

6.3 Trade Union facility time

The College does not have trade union officials.

7 GOING CONCERN

The Group achieved a surplus and total comprehensive income of £743,288 for the year (2019 - a deficit of £4,369,966). The improvement in performance from the prior year was largely due to an increase in apprenticeship funding of £502,000 driven by the increase in apprentices enrolled and an increase in philanthropic support of £426,172. The large deficit in the prior year was due to the write down of assets in the course of construction relating to the Ashley Road site of £4,970,653.

On a College basis, which excludes the capital works and related funding as well as depreciation costs, the surplus for the period was £614,755. At 31 July 2020, the Group had net assets of £1,995,348 of which £852,402 related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in surplus by £906,671 at 31 July 2020. At the College level, the net assets were £582,941 which also equated to its free reserves at 31 July 2020. This is a significant improvement compared to the prior year (Net liabilities and deficit on unrestricted reserves: £31,814) and is representative of the College's move towards long term sustainability.

The College's cash position is greatly improved with £2,148,586 at 31 July 2020 (2019: £590,875) and supports the aim of maintaining a minimum of 30 cash days.

The Corporation considers that the Group and the College has adequate resources to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. This conclusion has been reached because:

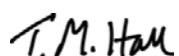
- For 2020/21, the Corporation has approved a surplus budget of £128k. As at December 2020, the College is on track to deliver a surplus of £34k.
- The College has adequate reserves to support operations and continue the repayment of the working capital loan.
- The actual number of students enrolled in 2020/21 exceeds the budget by 15 students. This will generate c. £100k of additional revenue for 2021/22.
- The College is seeking to ensure that premises are available for both the short term and long term through the extension of the Broad Lane lease to December 2023 and the ongoing project with the Department for Education, Greater London Authority and Haringey Council to identify alternative long term premises that will house both the sixth form and apprenticeship programmes under one roof.

After making appropriate enquiries, the Corporation believes that it is appropriate to continue to prepare these financial statements on a going concern basis.

8 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 2020 and signed on its behalf by:



Tiffany Hall

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 1 August 2019 to 31 July 2020 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.

We have not adopted and therefore do not apply The Code of Good Governance for English Colleges. 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 has adopted the best practice with all the relevant provision of the code through the period to 31 July 2020. 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 Initial Appointment or reappointment	Date Term ends (resignation if earlier)	Board Meetings for 2019 - 2020		Committees Served in 2019 - 2020			
				No. of meetings	Attendance Rate	A	E	BM	R
Nicholas Wilcock (Chair up to 3/10/2019)	Independent	9.8.2019	8.8.2023	5	80%			✓	✓
Tiffany Hall (Chair from 4/10/2019)	Independent	3.10.2019	3.10.2023	5	100%			✓	✓
Chris Payne (Co-Vice Chair)	Independent	9.8.2019	8.8.2023	5	100%	✓			✓
Annamarie Douglas (Co-Vice Chair up to 5/12/2019)	Independent	7.2.2018	6.2.2022	5	80%		✓		
Kym Andrew	Independent	9.8.2019	8.8.2023	5	80%		✓		

Name	Category of Membership	Date of Initial Appointment or reappointment	Date Term ends (resignation if earlier)	Board Meetings for 2019 - 2020		Committees Served in 2019 - 2020			
				No. of meetings	Attendance Rate	A	E	BM	R
Olga Bonney-Glazik	Staff (maternity leave May 2020 – Jan 2021)	1.8.2018	31.7.2020	3	100%				
Steven Davies	Independent	9.8.2019	8.8.2023	5	100%	✓			✓
Amali de Alwis	Independent	26.9.2018	25.9.2022	5	80%	✓		✓	
Rachel Jackson	Independent	9.8.2018	8.8.2022	5	100%		✓		
Dame Zarine Kharas	Independent	26.9.2018	25.9.2022	5	80%			✓	
Gillian Lancaster	Independent	1.1.2019	31.12.2022	5	100%	✓			
Salman Momen	Independent	1.1.2019	31.12.2022	5	60% (Covid)		✓		
Mark Smith	Chief Executive Officer	1.9.2017	<i>Ex officio</i>	5	100%			✓	
Kevin Walsh	Independent	9.8.2018	8.8.2022	5	80%			✓	
Tom Fogden	Independent	4.3.2020	3.3.2024	3	100%				
Joanna Smith	Staff (maternity cover)	2.7.2020	1.7.2021	1	100%				

Committees:

A = Audit

BM = Search

C = Capital Project/Finance and Resources Committee

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 six times a year.

THE CORPORATION (CONTINUED)

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, board Membership (formally Search), Capital Projects 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 Corporation

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.

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 Board Membership (formally Search) Committee, consisting of five 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

The Corporation Board carried out an evaluation of its performance as part of its 2019/20 Board Strategic Planning event. It will do a similar exercise in 2020/21. This activity is supported by other reviews and evaluations such as:

- Annual review of the Governance Framework
- Annual review by each Committee of its own performance
- Monitoring of Members' attendance and contributions by the Board Membership (formally Search) Committee

Remuneration Committee

Throughout the period ended 31 July 2020, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, Clerk and other members of the Senior Leadership Team.

The College has not adopted the AoC's Senior Staff Remuneration Code but has adopted good practice through the appointment of the Remuneration Committee. The terms of reference of the committee include ensuring:

- A fair, appropriate and justifiable level of remuneration;
- Procedural fairness; and
- Transparency and accountability.

Details of remuneration for the period ended 31 July 2020 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (and excludes 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 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 Committee.

Management is responsible for the implementation of agreed audit recommendations.

The Audit 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.

Board Membership (formally Search) Committee

The College's Search Committee meets as required 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 Board Membership 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.

Capital Projects Committee (renamed Finance and Resources Committee from summer 2020)

The Capital Projects Committee met on an ad-hoc basis as the capital project demanded. Since its inception in June 2018, 11 meetings have taken place. The committee provides independent and authoritative advice to the Board on the adequacy and effectiveness of the College's Capital Programme Management and more specifically, to flag any significant current and future potential risks relating to the budget.

In summer 2020, the Committee was transitioned to a Finance and Resources Committee. The remit of the committee was extended to include:

- Review and recommend the budget projections, medium and long term financial plans for Board approval
- To receive monthly management reports and facilitate the monitoring of the College's actual financial performance compared with budgeted priorities and cash flow
- To make decisions on expenditure within the Committee's delegated powers

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 2020 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' significant risks that has been in place for the period ended 31 July 2020 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 2019/20:

The College was due to undertake a review of GDPR compliance in summer 2020, however due to COVID, this has been deferred to spring 2021.

The risk management processes for the College were reviewed extensively by the audit committee. A new co-opted committee member was added to the Audit Committee with an expertise in risk management to support this work. A new approach to risk management is being implemented as of summer 2020.

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

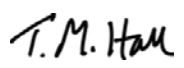
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal controls; and
- comments made by the College's financial statements and regularity auditors in their management letters and other reports.

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. The College's SAR report embodies the College's annual self-reflection of its performance and its Continuous Improvement Plan (CIP) outlines the strategies for improvement that emerge from this reflection process.

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*".

Approved by order of the members of the Corporation on 14 December 2020 and signed on its behalf by:



Tiffany Hall
Chair of the Corporation



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 grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the 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 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 grant funding agreements and contract with the ESFA.

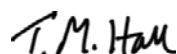
We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



Mark Smith

Accounting Officer

Date: 14 December 2020



Tiffany Hall

Chair of the Corporation

Date: 14 December 2020

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, as charity trustees, 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 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the 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.

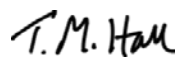
The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation 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 14 December 2020 and signed on its behalf by:

A handwritten signature in black ink that reads "T.M. Hall". The letters are cursive and slightly slanted.

Tiffany Hall

Chair of the Corporation

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, National College for Digital Skills Limited, (the 'Group') for the period ended 31 July 2020 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).

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 2020 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.

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

Use of this report

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.

A handwritten signature in cursive script that reads "Buzzacott LLP". The signature is written in black ink and is positioned above the date and address information.

26 January 2021

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 Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 24 August 2017 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Ada National College for Digital Skills during the year to 31 July 2020 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the Corporation of Ada National College for Digital Skills and ESFA 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 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 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 year to 31 July 2020 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 by the ESFA. 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.

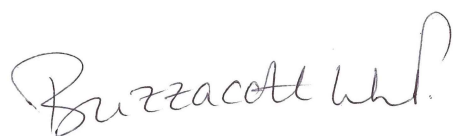
Reporting accountant's assurance report on regularity (continued)

Approach (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 year to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in cursive script that reads "Buzzacott LLP".

26 January 2021

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Ada National College for Digital Skills

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ending 31 July 2020		Year ending 31 July 2019	
		Group	College	Group	College
		£	£	£	£
INCOME					
Funding body grants	2	2,337,615	2,337,615	1,791,491	1,791,491
Tuition fees and education contracts	3	114	114	1,102	1,102
Other grants and contracts	4	188,232	-	1,126,872	-
Other income		54,518	539	39,793	11,321
Investment income	5	556	337	240	144
Donations and Endowments	6	1,215,281	325,675	722,293	531,481
Total income		3,796,316	2,664,280	3,681,791	2,335,539
EXPENDITURE					
Staff costs	7	2,093,856	1,258,669	1,684,682	987,298
Other operating expenses	8	624,250	778,965	551,892	936,368
Depreciation	10	323,031	-	828,771	-
Interest and other finance costs		11,891	11,891	15,103	15,103
Loss on disposal of assets		-	-	656	-
Total expenditure		3,053,028	2,049,525	3,081,104	1,938,769
Surplus before exceptional items and other gains and losses		743,288	614,755	600,687	396,770
Exceptional item	10	-	-	(4,970,653)	-
Surplus/(deficit) before tax		743,288	614,755	(4,369,966)	396,770
Taxation	9	-	-	-	-
Total Comprehensive Income for the year		743,288	614,755	(4,369,966)	396,770
Represented by:					
Restricted comprehensive income		(172,505)	-	(4,681,478)	-
Unrestricted comprehensive income		915,793	614,755	311,512	396,770
		743,288	614,755	(4,369,966)	396,770

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 31 July 2018	(320,834)	5,942,860	5,622,026
Surplus/(deficit) from the income and expenditure account	311,512	(4,681,478)	(4,369,966)
Transfers between capital and income and expenditure reserves	200	(200)	-
Total comprehensive income for the period	<u>311,712</u>	<u>(4,681,678)</u>	<u>(4,369,966)</u>
Balance at 31 July 2019	(9,122)	1,261,182	1,252,060
Surplus/(deficit) from the income and expenditure account	915,793	(172,505)	743,288
Total comprehensive income for the period	<u>915,793</u>	<u>(172,505)</u>	<u>743,288</u>
Balance at 31 July 2020	<u>906,671</u>	<u>1,088,677</u>	<u>1,995,348</u>
College			
Balance at 31 July 2018	(428,584)	-	(428,584)
Surplus from the income and expenditure account	396,770	-	396,770
Total comprehensive income for the period	<u>396,770</u>	<u>-</u>	<u>396,770</u>
Balance at 31 July 2019	(31,814)	-	(31,814)
Surplus from the income and expenditure account	614,755	-	614,755
Total comprehensive income for the period	<u>614,755</u>	<u>-</u>	<u>614,755</u>
Balance at 31 July 2020	<u>582,941</u>	<u>-</u>	<u>582,941</u>

Ada National College for Digital Skills

Balance sheets as at 31 July

	Notes	2020		2019	
		Group	College	Group	College
		£	£	£	£
Non-current assets					
Tangible fixed assets	10	852,402	-	1,132,633	-
		852,402	-	1,132,633	-
Current assets					
Trade and other receivables	11	44,448	501	56,570	37,853
Cash and cash equivalents	14	2,148,586	1,422,508	590,875	354,828
		2,193,034	1,423,009	647,445	392,681
Creditors – amounts falling due within one year	12	(1,050,088)	(840,068)	(398,018)	(294,495)
Net current assets		1,142,946	582,941	249,427	98,186
Total assets less current liabilities		1,995,348	582,941	1,382,060	98,186
Creditors – amounts falling due after more than one year	13	-	-	(130,000)	(130,000)
Total net assets (liabilities)		1,995,348	582,941	1,252,060	(31,814)
Restricted reserves					
Student bursaries	18	45,949	-	43,179	-
Capital reserve		1,042,728	-	1,218,003	-
Total restricted reserves		1,088,677	-	1,261,182	-
Unrestricted reserves					
Income and expenditure account		906,671	582,941	(9,122)	(31,814)
Total unrestricted reserves		906,671	582,941	(9,122)	(31,814)
Total reserves		1,995,348	582,941	1,252,060	(31,814)

The financial statements on pages 30 to 45 were approved and authorised for issue by the Corporation on 14 December 2020 and were signed on its behalf on that date by:

T.M. Hall

Tiffany Hall

Chair of the Corporation

M.S.

Mark Smith

Accounting Officer

Ada National College for Digital Skills

Consolidated Statement of Cash Flows for the year ended 31 July 2020

	Notes	Group 2020 £	Group 2019 £
Cash flow from operating activities			
Surplus/(deficit) for the period		743,288	(4,369,966)
Adjustment for non-cash items			
Depreciation		323,031	828,771
Write down of Asset In the course of construction		-	4,970,653
Decrease in debtors		12,122	341,925
Increase/(decrease) in creditors due within one year		552,070	(193,060)
Adjustment for investing or financing activities			
Investment income		(556)	(240)
Interest on loan		11,891	15,103
Loss on sale of fixed assets		-	656
Net cash flow from operating activities		<u>1,641,846</u>	<u>1,593,842</u>
Cash flows used in investing activities			
Investment income		556	240
Payments made to acquire fixed assets		(42,800)	(1,133,260)
		<u>(42,244)</u>	<u>(1,133,020)</u>
Cash flows used in financing activities			
Interest accrued on loans		(11,891)	(15,103)
Repayment of unsecured loan		(30,000)	(110,000)
		<u>(41,891)</u>	<u>(125,103)</u>
Increase in cash and cash equivalents in the year		1,557,711	335,719
Cash and cash equivalents at beginning of the period	14	590,875	255,156
Cash and cash equivalents at end of the period	14	<u>2,148,586</u>	<u>590,875</u>

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 2019 (the 2019 FE HE SORP)*, the *College Accounts Direction for 2019 to 2020* 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, controlled by the parent. Control is achieved where the parent 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 2020.

Going concern

The Group achieved a surplus and total comprehensive income of £743,288 for the year (2019 - a deficit of £4,369,966). The improvement in performance from the prior year was largely due to an increase in apprenticeship funding of £502,000 driven by the increase in apprentices enrolled and an increase in philanthropic support of £426,172. The large deficit in the prior year was due to the write down of assets in the course of construction relating to the Ashley Road site of £4,970,653.

On a College basis, which excludes the capital works and related funding as well as depreciation costs, the surplus for the period was £614,755. At 31 July 2020, the Group had net assets of £1,995,348 of which £852,402 related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in surplus by £906,671 at 31 July 2020. At the College level, the net assets were £582,941 which also equated to its free reserves at 31 July 2020. This is a significant improvement compared to the prior year (Net liabilities and deficit on unrestricted reserves: £31,814) and is representative of the College's move towards long term sustainability.

The College's cash position is greatly improved with £2,148,585 at 31 July 2020 (2019: £590,875) and supports the aim of maintaining a minimum of 30 cash days.

The Corporation considers that the Group and the College has adequate resources to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. This conclusion has been reached because:

For 2020/21, the Corporation has approved a surplus budget of £128k. As at December 2020, the College is on track to deliver a surplus of £34k.

The College has adequate reserves to support operations and continue the repayment of the working capital loan.

The actual number of students enrolled in 2020/21 exceeds the budget by 15 students. This will generate c. £100k of additional revenue for 2021/22.

Going concern (continued)

The College is seeking to ensure that premises are available for both the short term and long term through the extension of the Broad Lane lease to December 2023 and the ongoing project with the DfE, GLA and Haringey Council to identify alternative long term premises that will house both the sixth form and apprenticeship programmes under one roof.

After making appropriate enquiries, the Corporation believes that it is appropriate to continue to prepare these financial statements on a going concern basis.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 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 and Whitechapel buildings (occupied from September 2016 and April 2019 respectively) are depreciated over the remaining duration of the lease. As the Broad Lane lease has been extended by a further 3 years, the net book value of refurbishment costs have been depreciated over the extended lease period. The Whitechapel lease ends April 2024 with a break clause in April 2022.

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.

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	Year ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Recurrent grants				
Education and Skills Funding Agency – 16 -19	896,199	934,136	890,323	890,323
Education and Skills Funding Agency - apprenticeships	1,403,479	1,403,479	901,168	901,168
Specific grants				
Teacher Pension Scheme contribution grant	37,937	-	-	-
Total	2,337,615	2,337,615	1,791,491	1,791,491

3 Tuition fees and education contracts	Year ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Education contracts	114	114	1,102	1,102
Total	114	114	1,102	1,102
4 Other grants and contracts	Year ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Capital Grant	98,348	-	1,122,872	-
Grant Funding	89,884	-	4,000	-
Total	188,232	-	1,126,872	-
5 Investment income	Year ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Interest receivable	556	337	240	143
Total	556	337	240	143
6 Donations and endowments	Year ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Unrestricted donations	1,043,465	253,859	718,293	531,481
Restricted donations	105,000	5,000	4,000	-
Donated services	66,816	66,816	-	-
Total	1,215,281	325,675	722,293	531,481

7 Staff costs

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

	2020		2019	
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	20	19	16	14
Non-teaching staff	21	1	14	1
	41	20	30	15

Staff costs for the above persons

	2020		2019	
	Group	College	Group	College
	£	£	£	£
Wages and salaries	1,486,858	829,654	1,191,357	507,813
Social security costs	154,405	93,868	126,878	50,425
Other pension costs (note 16)	196,588	149,562	124,670	37,804
Payroll sub total	1,837,851	1,073,084	1,442,905	596,042
Contracted out staffing services	256,005	185,585	241,777	140,435
Total Staff costs	2,093,856	1,258,669	1,684,682	736,477

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.

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

	2020	2019
	No.	No.
The number of key management personnel including the Accounting Officer was:	2	2

7 Staff costs (continued)

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			
	2020		2019	
	Key management personnel	Other staff	Key management personnel	Other staff
	No.	No.	No.	No.
£70,001 to £75,000 p.a.	2	-	2	-
	2	-	2	-

Key management personnel compensation is made up as follows:

	Group	
	2020	2019
	£	£
Salaries	144,685	133,000
Employers' National Insurance	17,730	16,010
	162,415	149,010
Pension contributions	33,737	21,919
Total key management personnel compensation	196,152	170,929

Total key management personnel includes £196,152 (2019:£170,929) in respect of the College.

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

	Group	
	2020	2019
	£	£
Salaries	73,593	66,500
Employers' National Insurance	9,055	8,005
	82,648	74,505
Pension contributions	17,194	10,959

7 Staff costs (continued)

The remuneration package of Key management staff, including the Chief Executive and Dean, is subject to the annual review by the Remuneration Committee of the Board who use benchmarking information to provide objective guidance.

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.

Relationship of Chief Executive pay and remuneration expressed as a multiple	2020	2019
Chief Executives' basic salary as a multiple of the median of all staff	2.1	1.6
Chief Executives' total remuneration as a multiple of the median of all staff	2.2	1.7

8 Other operating expenses

	Year ended 31 July		Period ended 31 July	
	2020		2019	
	Group	College	Group	College
	£	£	£	£
Teaching costs	127,961	119,109	114,624	97,261
Non-teaching costs [^]	301,108	661,856	281,068	839,107
Premises costs	195,182	-	156,200	-
Total	624,251	778,965	551,892	936,368

Other operating expenses include:	2020	2019
	£	£
Auditors' remuneration:		
Financial statements audit*	16,800	16,128
Internal audit	-	3,324
Rental of building under operating leases	75,000	20,548
Losses on disposal of fixed assets	-	656

[^]Includes £66,816 of donated services (2019: nil)

*Includes £9,600 in respect of the College (2019: £8,064)

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	Office & IT Equipment	Furniture & Fittings	Total
Cost	£	£	£	£
At 1 August 2019	3,364,011	617,433	236,779	4,218,223
Additions	3,846	11,549	27,405	42,800
At 31 July 2020	<u>3,367,857</u>	<u>628,982</u>	<u>264,184</u>	<u>4,261,023</u>
Depreciation				
At 1 August 2019	2,463,564	522,579	99,447	3,085,590
Provided in the year	204,902	74,762	43,367	323,031
At 31 July 2020	<u>2,668,466</u>	<u>597,341</u>	<u>142,814</u>	<u>3,408,621</u>
Net Book Value at 31 July 2020	<u>699,391</u>	<u>31,641</u>	<u>121,370</u>	<u>852,402</u>
Net Book Value at 31 July 2019	<u>900,447</u>	<u>94,854</u>	<u>137,332</u>	<u>1,132,633</u>

In the prior year, assets under construction with a total value of £4,970,653 were written off relating to the Ashley Road new build project as it was decided to end the project to purchase and develop this site.

11 Trade and other receivables

	Period ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Trade receivables	28,288	501	30,743	2,171
Prepayments and accrued income	16,160	-	25,827	25,826
Amounts due from subsidiary undertakings	-	-	-	9,856
Total	<u>44,448</u>	<u>501</u>	<u>56,570</u>	<u>37,853</u>

12 Creditors: amounts falling due within one year

	Period ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Trade payables	147,852	36,124	43,753	15,811
Other taxation and social security	42,757	24,519	35,823	20,801
Accruals	64,083	49,194	89,424	38,383
Department for Education Loan Facility (note 13)	280,000	280,000	180,000	180,000
Amounts due to subsidiary undertakings	-	171,987	-	-
Deferred Income	236,358	236,358	-	-
Capital funds owing to Department for Education	222,006	-	-	-
Other creditors	57,032	41,886	49,018	39,500
Total	<u>1,050,088</u>	<u>840,068</u>	<u>398,018</u>	<u>294,495</u>

13 Creditors: amounts falling due after one year	Period ended 31 July		Period ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£	£	£	£
Department for Education Loan Facility	-	-	130,000	130,000
Total	-	-	130,000	130,000

The Department for Education granted a loan facility for £420,000 in July 2016. £140,000 was paid to the College in July 2017. Two further payments for £140,000 were received in September and November 2017. A repayment of £110,000 was made in June 2019 and further £30,000 payment in November 2019. The college is in discussion with the Department about agreeing a revised repayment profile.

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

14 Cash and cash equivalents

	At 1 August 2019	Cash flows	Other changes	At 31 July 2020
	£	£	£	£
Cash and cash equivalents	590,875	1,557,711	-	2,148,586
Total	590,875	1,557,711	-	2,148,586

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 2016.

Total pension cost for the year	2020	2019
	£	£
Teachers' Pension Scheme: contributions paid	149,562	86,866
Aviva Workplace Pension Scheme	47,026	37,804
Total pension cost for the period within staff costs	196,588	124,670

Contributions amounting to £6,328 (2019: £5,883) were payable to the Aviva Workplace Pension scheme at 31 July 2020 and are included within creditors. There were no contributions owing to the Teachers' Pension Scheme at 31 July 2020 (2019: £nil).

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 2016. The valuation report was published by the Department for Education 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 2018/19). The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £149,562 (2019: £86,866).

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.

No expenses were paid to or on behalf of the Corporation members during the year (2019 - £nil).

No Corporation member received any remuneration or waived payments from the Group or the College during the year (2019 – none).

Fundraising income amounting to £112,858 (2019: £151,837) was received from Bank of America. Gillian Lancaster, a member of the Board is a Managing Director at Bank of America. The College also received services in kind valued at £66,816 (2019: £nil) from Deloitte. Kevin Walsh, a member of the Board is a Global Consulting Technology Leader at Deloitte.

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

The College paid the National College for Digital Skills Limited £538,460 during the year (2019 - £788,414) relating to the provision of premises, operational and marketing support. A balance of £171,987 was due from the National College for Digital Skills Limited to the College at the balance sheet date (2019 - £9,856 due from the National College for Digital Skills Limited).

18 Restricted funds

	At 1 August 2019	Incoming resources	Resources expended	Transfers	At 31 July 2020
	£	£	£	£	£
a) Restricted funds – Bursaries	43,179	11,400	(8,630)	-	45,949
b) Capital grant	1,218,003	198,348	(373,623)	-	1,042,728
	1,261,182	209,748	(382,253)	-	1,088,677

- a) Bursaries – funding provided for student bursaries.
- b) Flipside Project - funding from the London Legacy Development Company to support the development and delivery of a bespoke industry-led digital training program. Transfers to unrestricted funds relate to costs incurred by the College in administering the project.
- c) Capital Grant - funding from the Department for Education and Greater London Authority for capital costs associated with the premises, IT and equipment.

19. Operating lease commitments

As at 31 July 2020, the charity had annual commitments under non-cancellable operating leases relating to land and buildings as set out below. The commitments below include the costs of the Broad Lane lease extension which was expected during the year and was formally signed post year end.

	2020	2019
	£	£
Expiring:		
1 year	214,113	75,000
2 – 5 years	610,887	225,000
	825,000	300,000

£75,000 has been charged to expenditure for the year.