

# **ADA NATIONAL COLLEGE FOR DIGITAL SKILLS**

**Report and Financial Statements  
for the year ended 31 July 2023**

# 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 2022/23:

Mark Smith, Principal and CEO (Accounting Officer)

Tom Fogden, Dean

Tina Gotschi, Sixth Form Principal

Joy Watkins, Director of Finance and Data (left 31 July 2023)

## Members of the Corporation

A full list of Members is given on pages 14 and 15 of these financial statements.

Jacky Geary 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:

Until July 31 2023:

Unit 5  
Fountayne Business Centre  
Broad Lane  
London  
N15 4AG

From August 1 2023

1 Sutherland Street  
Pimlico  
London  
SW1V 4LD

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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 2023.

### 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.

#### 1.2.1 Mission

The Members of the College agreed in Autumn 2020 to a revision of the College's mission statement to::

'To educate and empower the next generation of diverse digital talent.'

#### 1.2.2 Strategy and Objectives

In Autumn 2022 the College refreshed its strategic plan under the theme 'Evolving to Ada 2.0'. Retaining the core mission statement, the purpose of the college was identified as

'Delivering an industry-led learning experience, in an aspirational culture, to larger volumes of diverse learners, which ensures our alumni secure jobs in tech and that Ada is sustainable.'

The 7 key strands with underpinning goals are:

#### Quality of Education

- Qualification Achievement Rates >85%
- Cross College attendance average >90%
- 95% of Ada Alumni in tech jobs 3 years after graduation

#### Learner Volume Growth

- 300 6th formers on roll
- 500 higher level apprentices on roll across London & Manchester
- 150+ learners on new programmes e.g. T-levels / new apprenticeships

#### Learner Diversity

- 50% of learners from low-income backgrounds
- 38% of our learners are women

#### People

- Staff retention at 85% for 2024-25
- Improved Teacher Training & Development

#### Fundraising

- Raise > £1.5m core fundraising

#### Buildings

- Deliver & operate 2 new buildings on budget
- Generate >£100k from venue hire

## Finance & Compliance

- 100% compliance
- Build reserves of 3 months of operating expenditure

The detail behind this for the coming year is also set out in the College's published Accountability Plan.

### 1.2.3 Implementation of strategic plan

The College's specific strategies for 2023/24 to achieve these objectives are:

- Deliver Ada's Property Strategy in London with new campus opening in August 2023.
- Deliver Ada's Property Strategy as part of Manchester IoT with new campus opening in January 2024.
- Scale up Ada's Level 4 programmes (Software Development, Data Analytics and Digital Growth Marketing) using Skills Injection Funding.
- Ensure existing 16-19 provision in London grows by >20% in 2023-24 and 2024-25 to ensure longer-term viability.
- Plan for delivery of inaugural T-level programme from September 2024.
- Ensure Ada remains on track to meet our learner diversity targets, especially 50% of learners coming from low-income households.
- Ensure sustained improvement of the Quality of Teaching, Learning and Assessment.

### 1.2.4 Capital Projects

The College is delighted to have moved into its long-term hub campus at 1, Sutherland Street in Pimlico in central London from August 2023. The building is a former University Technical College (UTC) that closed down. The DfE and GLA combined supported the College with a light refurbishment to make it fit for purpose for occupation and use from September 2023. Ada's operations and capital projects team worked with the DfE's capital project management team to work through the contractor procurement processes and the work was completed on time and within budget by the contractors, Waites, at the end of July 2023.

During the 2022-23 academic year, the College continued to operate in Tottenham Hale premises on Broad Lane as it had done since 2016. The College again had to take on the financial commitment of paying the lease annually as the initial 5-year term agreed with Haringey for payment of the lease has expired and the Department for Education have not been willing to step in to support the College. This lease continues until December 2023. In addition, Ada continued to pay a significantly below market rate lease cost for its Vallance Road building, as well as minimal service costs, to allow it to deliver in-person teaching and learning for its apprenticeship provision. This lease ended in July 23 and the building was handed back to the landlord at that point.

The college also has an ongoing lease agreement with Bruntwood Property Management for a small training space (c. 650 sqm) in Manchester Technology Centre to act as its temporary campus in the North West. This runs until the end of January 2024 and is rent free; Ada pays service and utilities charges for the space.

Ada has now secured a long-term campus in Manchester to meet the growing demand from employers for our training, particularly as the focus on diversity recruitment continues to grow. This is highlighted by the commitment from PwC to train 65 apprentices in the North West with Ada in Autumn 2022, with a further 70 planned in Autumn 2023.

The College has negotiated a long-term lease in the Ancoats area of the city on a building previously used as a studio school (now closed). A capital grant of £978k has been secured through Ada's role in the Greater Manchester Institute of Technology (GMIoT) project to refurbish the premises to the required standard. A contractor, Dragonfly, was appointed in May 2023 following board approval of the project, and work started in September 2023 following transfer of the lease to Ada. The building will provide a base for the

Apprenticeship and Adult short course activity in the area and will provide capacity for further learner growth in years to come.

### **1.3 Resources**

The College has set strategic objectives and uses a range of resources to deliver them.

#### **1.3.1 People**

During 2022-23 the Group employed 56 staff. Most are teaching staff with some staff fulfilling both teaching and operational roles. Some staff work on a part-time or fixed term basis and a number now work more flexibly with some days at the College's premises and some days working at home. The College continues to face significant challenges recruiting staff to key teaching and operational roles and is reviewing its employee benefits package and other options for attracting and retaining high-performing team members.

#### **1.3.2 Learner volumes**

The College had 133 students in the sixth form in 2022-23 in total. Of this number 70 joined the 6<sup>th</sup> form in August 2022. The College received funding for 345 apprentices in the 2022-23 year across its level 4 and 6 programmes. 222 were based in London and 123 were based in Manchester.

#### **1.3.2 Tangible Assets**

Tangible resources included the Broad Lane site and the Whitechapel premises. At 31 July 2023, the Group had cash balances of £1,430,380

#### **1.3.3 Reputation**

The College has a good reputation locally in Greater London and now in Greater Manchester as well as nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. We continue to pay a monthly fee to retain a PR agency to support the College's profile-raising efforts with Government and the media.

The College was inspected in March 2023 and received a very strong report – with 'Behaviours and Welfare' and 'Personal Development' being graded Outstanding, all other areas were graded Good. This built on the improvements identified on the peer assessment by NCG College Group in June 2022 and sets a clear path to achieving a higher rating in the future. Ofsted judged the College's Regional Skills alignment in both Greater London and Greater Manchester to be 'strong', the highest grade achievable.

### **1.4 Stakeholders**

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

- Students;
- Parents and Carers
- 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 14 and 15.

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

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

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

## **2. DEVELOPMENT AND PERFORMANCE**

### **2.1 Financial results**

The Group incurred a deficit and total comprehensive expenditure of £91,110 for the year (2022 - a deficit of £483,970). The college has had to pay lease costs of £225k per annum on our Broad Lane site since December 2020 which impacts on the college's ability to retain reserves. These costs were previously covered by the Department for Education. The Group generated £825,489 of fundraising income during the year (2022- a total of £826,756) from donors including Impetus, PA Foundation, Bank of America, King and high net worth individuals as well as donated services from Bruntwood for our premises in Manchester.

The Group has accumulated reserves of £1,418,204 (2022: £1,509,314), which includes cash and short-term investment balances of £1,430,380 (2022: £1,165,689), offset by outstanding creditors of £337,563 (2022: £209,025). The Group wishes to continue to accumulate reserves and cash balances and although this is difficult in the current environment, the completion of the new premises in London and Manchester provide the platform for learner number growth to achieve this. As a result, the Corporation has concluded that there are material uncertainties around the Groups ability to continue as a Going Concern, albeit improved from the previous year. Further details of this are provided in section 7.

Tangible fixed asset additions during the year amounted to £159,451 including furniture and fittings for its campuses and new laptops.

The Group relies significantly on the education sector funding bodies for its principal income source. In 2022/23 the FE funding bodies provided circa 80% of the Group's total income, with the balance raised through philanthropy and other grant-based income.

### **2.2 Cash flows and liquidity**

There was a net cash inflow of £264,691 in the year and the College currently has no debt.

### **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.

### **3. FUTURE PROSPECTS**

#### **3.1 Future Developments**

The College is currently focussed on consolidating its activities in London and Manchester. In the summer of 2023 the College transitioned into its permanent London hub campus in time for the new academic year. In Manchester, the college plans to transition to its new Ancoats campus early in January 2024. Current leases in Tottenham Hale, Whitechapel and Manchester will be wound up. In the meantime, the college will continue to work across its broader 'National' remit to identify further opportunities for growth across England.

The College has continued to attract significant philanthropic support and is excited to be rolling out a programme of short-courses to support diverse applicants to apply to our apprenticeship programmes in the year ahead.

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 College has worked closely with the Impetus Foundation since January 2022 to improve its focus on outreach and effective business development. It was successful in May 2023 in securing longer term support from Impetus for these activities, with an extensive schedule of work planned over the next three years. We continue to explore new apprenticeship standards as well and are testing demand with employers with a view to rolling out at least one new apprenticeship programme in the next 12 months.

#### **3.2 Financial Plan**

The Board approved a financial plan in July 2023 which sets objectives for the period to 2026. The budget for the period ending July 2024 anticipates a deficit of circa £581k, which has deteriorated slightly at the latest reforecast. This is driven primarily by the College's decision to expend historical reserves and invest in resources to grow learner and apprentice volumes.

The Department for Education has 'ringfenced' £225,000 of grant funding for Ada to compensate in part for the lease costs incurred. This grant is only triggered if the College's 'cash days' fall below a specific threshold. The college has received notification that DfE imminently intends to issue a contract, but it is not yet in place.

The College has an ambitious growth plan over the next three years based on the realisation of its property strategy and recognises the need to invest to grow. The College currently has adequate cash balances which are closely monitored by the Executive Leadership team, the Finance and Resources Committee and Board.

#### **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.

Any 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 and HM Treasury's 'Managing Public Money'.

#### **3.4 Reserves policy**

The Group recognises the importance of reserves in the financial stability of any organisation and aims to ensure that there are adequate reserves to support the College's core activities. The Group has adopted a Reserves Policy of retaining thirty days of unrestricted operating expenditure (circa £450k based on 2022-23

expenditure), but through the Ada 2.0 strategy will aim to increase this to 3 months. The Group's reserves include £855,385 held as restricted revenue reserves. As at the balance sheet date the unrestricted Income and Expenditure reserve was in surplus by £478,156 (2022: £766,486 surplus). The Group recognises that reserves are depleting and that the 2023-24 budget is predicting a deficit. We will look at ways to increase reserves in the short and longer term, including further fundraising.

#### **4. PRINCIPAL RISKS AND UNCERTAINTIES**

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

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. The College appointed Validera (formerly Haines Watts) as internal auditors in 2022 and a programme of internal audit reviews has been carried out overseen by the audit committee.

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. Maintaining the financial viability of the College**

The College maintains a reasonable cash balance at present and remains financially viable through a cautious approach to cost management during times of unpredictable learner volumes. The move to new premises in London (and later in Manchester) will remove some constrictions on learner volumes, although the lagged funding from the ESFA for Sixth Form learners means the impact of any increase will not be felt immediately. The College continues to monitor costs closely and runs a lean operating model while carefully building capacity to grow learner volumes and make a success of the new premises. There are a number of measures in place to manage this risk including:

- Rigorous budget setting procedures and sensitivity analysis;
- Regular in year budget reviews, which are shared with the Board
- Robust financial controls
- Extended fundraising and business development resource
- Further curriculum design efficiencies

##### **2. Achieving year on year volume targets for learner volumes**

The Board and leadership team have identified the need for significant, incremental year-on-year growth in learner volumes to get the College to 1000+ learners as soon as possible. Not achieving volume targets impacts on income, growth plans and financial sustainability. This risk is mitigated by setting and reporting on KPI targets. Also, during 2022-23 we have invested in our outreach and business development functions to drive further growth in our apprenticeship volumes

### **3. Attracting and retaining high quality staff**

Although the turnover in staff is reduced from the previous year, the increased cost of living and implementing the relocation to Victoria from Tottenham Hale and Whitechapel in London has continued to make retention and recruitment of staff challenging. We have conducted a pay & rewards benchmarking exercise against other Colleges, schools, universities and private training providers, which has highlighted some of the challenges we face in offering competitive remuneration packages.

Steps we have taken to combat these challenges include:

- Allowing a more flexible working model for some staff where this is possible.
- The Board has agreed to a 3% pay increase in August 2023 and a number of additional differentiated pay rises have been awarded to recognise performance or retention issues
- Improving regular line manager training and support so they can better support their staff and help them feel a strong sense of achievement and purpose in their roles

### **4. Ensuring Organisational Capacity to deliver the Ada 2.0 Strategy**

The ability to continue 'normal' operations while completing two capital projects in quick succession has inevitably put significant strain on organisational leadership and key operational areas. The new board Finance & Resources Committee is a key mitigation for these pressures, allowing the board to detect early warning signs. The support now being received from the Impetus Foundation in relation to organisational strategy has also been a key remedy.

## **5. PERFORMANCE INDICATORS**

### **5.1 Student numbers**

In 2022/23 the College has delivered activity that has produced £1,260,959 in ESFA 16-19 funding and £1,896,144 in Apprenticeship related income. Student numbers in the year were 130 16-19 and 345 apprentices.

We continue to monitor each programme and have set volume targets as part of our strategic plan.

### **5.2 Student achievements**

#### **Learner achievements**

In summer 2023, the College received its sixth set of 16-19 academic qualification results. These are summarised below:

- BTEC Computer Science performance: 100% pass rate with the following grade distribution: 57% D\*-D, 89% D\*-M, 100% D\*-P
- A-Level performance: 2% A\*-A, 7% A\*-B, 28% A\*-C, 63% A\*-D, 87% A\*-E
- Overall 16-19 Qualification Achievement Rate (QARs) was 81%, Retention at 85% and Pass rate at 95%

Our Apprentices also continue to perform strongly in their module performance with 89% of our most recent graduating cohort achieved the Degree Apprenticeship with 29% achieving a 1<sup>st</sup> Class Degree, validated by the Open University. Retention and overall QARs have picked up since last year: Our retention rate was 78% and overall QAR 78% for 2022/23.

Following a peer review by NCG College Group in June 2022, the College's education leadership team have a clear roadmap for improvement in the year ahead and have already begun to implement the useful set of 9 recommendations. We hope to have a follow up peer review visit in Summer 2023.

### **5.3 Self-Assessment Report**

The College published its sixth Self-Assessment Report (SAR) in autumn 2022. The Education Committee scrutinises 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. The self-assessment report was validated and confirmed by the Ofsted Inspection in March 2023, which reached similar judgements.

The challenge is now to build on this firm foundation across financial, academic and volume targets while continuing to improve the quality of our teaching and learning

### **5.4 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 2022 to 31 July 2023, the College paid 75% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### **5.5 Streamlined Energy and Carbon Reporting**

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

- Inclusion of additional solar panels in refurbishment of new London premises
- Encouragement of staff to use public transport to travel to work through targeted support with season ticket payments

The group is currently exempt from reporting on its emissions. Following the moves to permanent locations in London and Manchester the college will work to ensure that it is able to provide detailed reporting on emissions and energy usage in future reports.

### **5.6 Trade Union facility time**

The College does not have trade union officials.

## **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 consulted with staff and learners and formed the new Equality, Inclusion and Diversity Committee to increase our efforts in this regard with representatives from across the College, including students and apprentices. The Committee has developed and published an Equality, Inclusion and Diversity policy which is available to students, staff and on the College's website. The

College now conducts annual EDI surveys to identify strengths and areas for development in staff's knowledge and expertise and facilitates training to support sustained improvement in awareness, understanding and expert practice.

## **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.

## **7 GOING CONCERN**

The Group incurred a deficit and total comprehensive expenditure of £91,110 for the year (2022 - a deficit of £438,970). The college has had to pay lease costs of £225,000 per annum on our Broad Lane site since December 2020 which impacted on the college's ability to retain reserves. These costs were previously covered by the Department for Education and from August 2023 are mitigated by the move to permanent premises.

On a College basis, which excludes capital works and related funding as well as depreciation costs, the surplus for the period was £481,082. At 31 July 2023, the Group had net assets of £1,418,201 of which £196,790 related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in surplus by £478,156 at 31 July 2023. At the College level, the net assets were £1,043,095.

The Group cash position remains adequate with £1,430,380 at 31 July 2023 (2022: £1,165,689) and supports the aim of maintaining a minimum of 30 cash days. The College understands that it is the intention of the DfE to provide additional financial support of up to £225k to maintain the cash reserves above 30 days throughout the going concern period, but that this funding agreement has not been finalised.

The Corporation currently considers that the Group and the College has adequate resources to meet its liabilities as they fall due. For 2023/24, the Corporation has approved a budget deficit of £581k, although this has deteriorated slightly at the recent reforecast as a result of under-recruitment to Autumn cohorts. The indicative budget for 2024-25 indicates a return to generating a surplus as a result of the new premises enabling the space for learner growth, even when adjusted for the Autumn 2024 under-recruitment. The Group is projecting to maintain adequate cash balances throughout the year and up to December 2024.

After making appropriate enquiries, the Corporation believes that it is appropriate to continue to prepare these financial statements on a going concern basis but recognises that although the financial outlook has improved over the past year with the progression of the capital projects, there remain some material uncertainties that may affect its ability to continue as a going concern. These uncertainties are:

- Corporation reserves are being depleted and this will continue to be the case until the growth ambitions are realised;
- The fundraising environment remains unpredictable;
- A recession could impact negatively on apprenticeship numbers meaning income targets are not met;

The Corporation will keep under continuous review ways to mitigate the uncertainties identified, including:

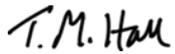
- Seeking further fundraising opportunities and developing its fundraising pipeline;
- Closely monitoring costs to identify and make efficiency savings where appropriate;

- Leveraging the new facilities to accelerate growth and extend the curriculum offer;
- Increasing student and apprentice learner volumes through targeted recruitment campaigns.

## **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 13 December 2023 and signed on its behalf by:



Tiffany Hall

Chair of the Corporation

# Ada National College for Digital Skills

## Governance Statement

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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

### GOVERNANCE CODE

The College endeavours to conduct its business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

In 2022 the Corporation agreed to adopt the Charity Commission Governance Code. 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 2023. 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 re-appointment	Date Term ends ( <i>resignation if earlier</i> )	Board Meetings for 2022 - 2023		Committees Served in 2022 - 2023				
				No. of meetings	Attendance Rate	A	E	BM	R	F&R
Tiffany Hall (Chair)	Independent	2.10.2023	1.10.2027	4	100%			✓	✓	✓
Nicholas Wilcock (Chair of NCDS Ltd)	Independent	9.8.2023	8.8.2025	4	100%				✓	✓
Chris Payne (Vice Chair)	Independent	9.8.2019	8.8.2023	4	100%				✓	✓
Annamarie Douglas	Independent	7.2.2022	6.7.2024	4	100%		✓			✓
Amali de Alwis	Independent	2.10.2023	1.10.2027	4	75%	✓		✓		
Dame Zarine Kharas	Independent	24.9.2022	25.9.2026	4	100%			✓		✓

Name	Category of Membership	Date of Initial Appointment or re-appointment	Date Term ends (resignation if earlier)	Board Meetings for 2022 - 2023		Committees Served in 2022 - 2023				
				No. of meetings	Attendance Rate	A	E	BM	R	F&R
Gillian Lancaster	Independent	1.1.2023	31.12.2027	4	75%	✓				
Mark Smith	Chief Executive Officer	1.9.2017	<i>Ex officio</i>	4	100%		✓	✓		✓
Kevin Walsh	Independent	9.8.2022	8.8.2024	4	100%			✓		
Tom Fogden	Independent	4.3.2020	3.3.2024	4	100%					✓
Margot Hooley	Staff	1.8.2022	31.7.2026	4	100%	✓				
Lisa Kattenhorn	Independent	30.9.2020	01.11.2022	1	100%		✓			
Phil Kemp	Independent	30.3.2021	29.3.2025	4	100%					✓
Imran Razzaq	Independent	30.3.2021	29.3.2025	4	60%	✓				
Kathryn Skelton	Independent	24.5 2021	23.5.2025	4	100%		✓			
Steve Stanley	Independent	30.3.2022	29.3.2026	4	100%		✓			
Oscar Andjelic	Student	1.9.2021	31.3.2023	2	100%		✓			

Committees:

A = Audit      BM = Board membership

F&R = Finance and Resources Committee

E = Education    R = Remuneration

### The governance framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the 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 up to four times a year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Education, Audit, Board Membership (formally Search), Finance and Resources 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](http://www.ada.ac.uk) or from the Clerk to the Corporation at:

#### Clerk to the Corporation

Ada, National College for Digital Skills

1 Sutherland Street

Pimlico

London SW1V 4LD

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 Chair 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 an initial term of office not exceeding four years, re-appointment for a second term of four years is subject to Board approval.

### **Corporation performance**

Over the academic year, the Governing Board has put in a phenomenal amount of time and effort on behalf of the College, all of which has been aimed at securing its future success.

The Governing Body has a well-developed system for assessing its effectiveness and enhancing the quality of governance comprising seven main elements:

- Completion by all governors of an annual self-assessment questionnaire
- Annual review by the Board of the effectiveness of each committee
- Consideration of an annual governance self-assessment report (SAR) drawing on the results of the questionnaire and other evidence
- Governor interviews between the Chair and each governor every year
- Annual appraisal of the performance of the chair
- An evaluation of the effectiveness of the Strategic Plan every three years
- Monitoring of Members' attendance and contributions by the board Membership committee

The governing body has considered DfE guidance on board reviews and has plans to commission an external reviewer in future but did not carry out a formal review in 2022-3.

### **Remuneration Committee**

Throughout the period ended 31 July 2023, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, Clerk and other members of the Senior Leadership Team.

The College has not adopted the Association of Colleges 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 2023 are set out in note 7 to the financial statements.

The remuneration committee met three times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Nick Wilcock	100%
Tiffany Hall	100%
Phil Kemp	100%
Chris Payne	66%

### **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.

The audit committee met four times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Gillian Lancaster	100%
Amali de Alwis	75%
Margot Hooley	100%
Imran Rassaq	100%
Gurpreet Kaur (has specialist knowledge)	100%

### **Board Membership (formally Search) Committee**

The College's Search Committee meets termly 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.

The board membership committee met 3 times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Kevin Walsh	100%
Amali de Alwis	66%
Zarine Kharas	33%

Mark Smith	66%
Tiffany Hall	100%

### 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.

The education committee met four times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Anna Douglas	75%
Oskar Andjelic	100%
Lisa Kattenhorn	0%
Susanna Lawson	100%
Kathryn Skelton	100%
Mark Smith	100%
Steve Stanley	50%

### Finance and Resources Committee

The Finance Committee has a remit to oversee financial and HR issues. The Committee met regularly in the year. As well as continuing to provide oversight and advice on capital project issues, the Committee also considered:

- The proposed two-year budget for 2023-24 to 2024-25 before it was submitted for Board approval;
- Management reports on financial performance and position, monitoring the College's actual financial performance compared with budgeted priorities and cash flow;
- People Management reports and updates on HR issues

The finance and resources committee met five times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
Nick Wilcock	100%
Phil Kemp	80%
Tom Fogden	40%
Chris Payne	100%
Zarine Kharas	80%
Mark Smith	100%
Tiffany Hall	60%

## **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 Funding 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 2023 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 2023 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.

The College appointed Validera (formerly Haines Watts) as internal auditors for a period of 3 years in 2021-22. They provide an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal

audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **Risks faced by the corporation**

The College's risk policy is updated and approved on an annual basis by the Corporation. The risk register was reviewed by the Audit Committee and the Board at each meeting. The College's risk management policy was reviewed and approved by the Audit Committee and this happens annually. The review of Risk Management undertaken by Internal Audit concluded that the framework and processes are adequate for a College of the size and maturity of Ada. Recommendations focussed on improvements that would meet best practice. This is set out in more detail, along with the key risks in section 4.

### **Control weaknesses identified**

Governance, risk management and control, and value for money arrangements in relation to business-critical areas, have been found to be generally satisfactory by our internal auditors. However, there are some areas of weakness or non-compliance noted within the conclusions of or internal audit activity for which:

- a) All recommendations have been responded to by management.
- b) Actions to address have been agreed and have been / are being implemented to address these concerns.
- c) The Audit Committee regularly reviews progress on the implementation of internal audit report recommendations.

Apprenticeship regulatory compliance was identified as a high-risk area in 2021-22. A further review of this area carried out in 2022-23 has identified that while minor issues remain there has been significant progress in addressing these risks.

### **Responsibilities under funding agreements**

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### **Statement from the audit committee**

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

The specific areas of work undertaken by the audit committee in 2022-23 and up to the date of the approval of the financial statements are:

Financial Controls, Corporate Governance, Information Governance and student records (focussing on Apprentices). The Internal Audit Annual report provided by Validera to the Audit Committee concludes that the College has:

- adequate and effective risk management;
- adequate and effective governance; and
- adequate and effective control processes.

### **Review of effectiveness**

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

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

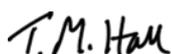
The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control mechanisms by the Audit Committee, which oversees the internal monitoring processes and procedures and a plan to address weaknesses and ensure continuous improvement 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 Self-Assessment Report (SAR) 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.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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 13 December 2023 and signed on its behalf by:**



Tiffany Hall

Chair of the Corporation



Mark Smith

Accounting Officer

## Ada National College for Digital Skills

### Statement of Regularity, Propriety and Compliance

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

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



Mark Smith

Accounting Officer

Date: 13 December 2023

### Statement of the chair of governors

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



Tiffany Hall

Chair of the Corporation

Date: 13 December 2023

# Ada National College for Digital Skills

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

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

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

The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation. The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

*T. M. Hall*

**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 2023 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 2023 and of the Group's deficit 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.

## Material uncertainty related to going concern

We draw your attention to the accounting policy on page 35 of the financial statements regarding going concern. This policy sets out the material uncertainties related to going concern that are impacting the Group and College.

Our opinion is not modified in respect of this matter.

## **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.

## **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group and College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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".

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 21 December 2023

## **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 3 June 2021 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 period 1 August 2022 to 31 July 2023 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.

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 period from 1 August 2022 to 31 July 2023 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. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

## Reporting accountant's assurance report on regularity (continued)

### Approach (continued)

- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 21 December 2023

## Ada National College for Digital Skills

### Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ending 31 July 2023		Year ending 31 July 2022	
		Group	College	Group	College
		£	£	£	£
<b>INCOME</b>					
Funding body grants	2	3,770,167	3,737,095	2,646,628	2,646,628
Tuition fees and education contracts	3	1,042	1,042	1,138	1,138
Other grants and contracts	4	-	-	15,600	-
Other income	5	68,862	28,700	115,830	16,905
Investment income	6	127	82	148	102
Donations and Endowments	7	788,557	173,320	826,756	468,832
<b>Total income</b>		<b>4,628,755</b>	<b>3,940,239</b>	<b>3,606,100</b>	<b>3,133,605</b>
<b>EXPENDITURE</b>					
Staff costs	8	2,961,918	1,294,510	2,620,596	1,298,120
Other operating expenses	9	1,355,382	1,919,721	1,135,314	2,158,805
Depreciation	11	402,528	-	331,656	-
Interest and other finance costs		38	-	2,504	2,444
<b>Total expenditure</b>		<b>4,719,866</b>	<b>3,214,231</b>	<b>4,090,070</b>	<b>3,459,369</b>
<b>Surplus/(deficit) before tax</b>		<b>(91,110)</b>	<b>726,008</b>	<b>(483,970)</b>	<b>(325,764)</b>
Taxation	10	-	-	-	-
<b>Total Comprehensive (expenditure) income for the year</b>		<b>(91,110)</b>	<b>726,008</b>	<b>(483,970)</b>	<b>(325,764)</b>
<b>Represented by:</b>					
<b>Restricted comprehensive income</b>		<b>112,557</b>	<b>244,927</b>	<b>47,528</b>	<b>396,158</b>
<b>Unrestricted comprehensive (expenditure) income</b>		<b>(203,667)</b>	<b>481,082</b>	<b>(531,498)</b>	<b>(721,922)</b>
		<b>(91,110)</b>	<b>726,008</b>	<b>(483,970)</b>	<b>(325,764)</b>

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

## Ada National College for Digital Skills

### Consolidated and College Statement of Changes in Reserves

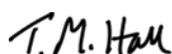
	Income and expenditure account	Restricted reserves	Total
	£	£	£
<b>Group</b>			
<b>Balance at 31 July 2021</b>	<b>1,297,984</b>	<b>695,299</b>	<b>1,993,283</b>
Surplus/(deficit) from the income and expenditure account	(531,498)	47,528	(483,970)
<b>Balance at 31 July 2022</b>	<b>766,486</b>	<b>742,827</b>	<b>1,509,313</b>
Surplus/(deficit) from the income and expenditure account	(203,667)	112,558	(91,109)
<b>Balance at 31 July 2023</b>	<b>562,819</b>	<b>855,385</b>	<b>1,418,204</b>
<b>College</b>			
<b>Balance at 31 July 2021</b>	<b>642,851</b>	-	<b>642,851</b>
Surplus/(deficit) from the income and expenditure account	(721,922)	396,159	(325,763)
<b>Balance at 31 July 2022</b>	<b>(79,071)</b>	<b>396,159</b>	<b>317,088</b>
Surplus from the income and expenditure account	481,082	244,926	726,008
<b>Balance at 31 July 2023</b>	<b>402,011</b>	<b>641,085</b>	<b>1,043,096</b>

# Ada National College for Digital Skills

## Balance sheets as at 31 July

	Notes	2023		2022	
		Group	College	Group	College
		£	£	£	£
<b>Non-current assets</b>					
Tangible fixed assets	11	196,790	-	439,868	-
		<u>196,790</u>	<u>-</u>	<u>439,868</u>	<u>-</u>
<b>Current assets</b>					
Trade and other receivables	12	128,595	1,168,923	112,781	63,298
Cash and cash equivalents	14	1,430,380	381,224	1,165,689	677,902
		<u>1,558,975</u>	<u>1,550,147</u>	<u>1,278,470</u>	<u>741,200</u>
<b>Creditors – amounts falling due within one year</b>	13	(337,563)	(507,052)	(209,025)	(424,114)
<b>Net current assets</b>		<u>1,221,412</u>	<u>1,043,095</u>	<u>1,069,445</u>	<u>317,086</u>
<b>Total assets less current liabilities</b>		<u>1,418,202</u>	<u>1,043,095</u>	<u>1,509,313</u>	<u>317,086</u>
<b>Total net assets</b>		<u>1,418,202</u>	<u>1,043,095</u>	<u>1,509,313</u>	<u>317,086</u>
<b>Restricted reserves</b>					
Other restricted	18	399,157	305,924	439,404	396,158
Capital reserve		456,228	335,161	303,424	-
<b>Total restricted reserves</b>		<u>855,385</u>	<u>641,085</u>	<u>742,828</u>	<u>396,158</u>
<b>Unrestricted reserves</b>					
Income and expenditure account		562,816	402,010	766,486	(79,072)
<b>Total unrestricted reserves</b>		<u>562,816</u>	<u>402,010</u>	<u>766,486</u>	<u>(79,072)</u>
<b>Total reserves</b>		<u>1,418,201</u>	<u>1,043,095</u>	<u>1,509,314</u>	<u>317,086</u>

The financial statements on pages 31 to 47 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf on that date by:



Tiffany Hall  
Chair of the Corporation



Mark Smith  
Accounting Officer

## Ada National College for Digital Skills

### Consolidated Statement of Cash Flows for the year ended 31 July 2023

	Notes	Group 2023 £	Group 2022 £
<b>Cash flow from operating activities</b>			
Deficit for the period		(91,110)	(483,970)
<b>Adjustment for non-cash items</b>			
Depreciation		402,528	331,656
Decrease in debtors		(15,813)	(81,796)
Increase/(decrease) in creditors due within one year		128,538	(319,717)
<b>Adjustment for investing or financing activities</b>			
Investment income		127	148
Interest on loan		-	2,388
Loss on sale of fixed assets		-	53,386
<b>Net cash flow provided by/(used in) operating activities</b>		<b>424,270</b>	<b>(497,905)</b>
<b>Cash flows used in investing activities</b>			
Investment income		(127)	(148)
Payments made to acquire fixed assets		(159,451)	(111,970)
		<u>(159,578)</u>	<u>(112,118)</u>
<b>Cash flows used in financing activities</b>			
Interest accrued on loans		-	(2,388)
Repayment of unsecured loan		-	(80,000)
		<u>-</u>	<u>(82,388)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>264,692</b>	<b>(692,411)</b>
Cash and cash equivalents at beginning of the period	14	1,165,688	1,858,099
<b>Cash and cash equivalents at end of the period</b>	<b>14</b>	<b><u>1,430,381</u></b>	<b><u>1,165,688</u></b>

# 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 2022 to 2023* 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 2023.

#### Going concern

The Group incurred a deficit and total comprehensive expenditure of £91,110 for the year (2022 - a deficit of £438,970). The college has had to pay lease costs of £225,000 per annum on our Broad Lane site since December 2020 which impacted on the college's ability to retain reserves. These costs were previously covered by the Department for Education and from August 2023 are mitigated by the move to permanent premises.

On a College basis, which excludes capital works and related funding as well as depreciation costs, the surplus for the period was £481,082. At 31 July 2023, the Group had net assets of £1,418,201 of which £196,790 related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in surplus by £478,156 at 31 July 2023. At the College level, the net assets were £1,043,095.

The Group cash position remains adequate with £1,430,380 at 31 July 2023 (2022: £1,165,689) and supports the aim of maintaining a minimum of 30 cash days. The College understands that it is the intention of the DfE to provide additional financial support of up to £225k to maintain the cash reserves above 30 days throughout the going concern period, but that this funding agreement has not been finalised.

The Corporation currently considers that the Group and the College has adequate resources to meet its liabilities as they fall due. For 2023/24, the Corporation has approved a budget deficit of £581k, although this has deteriorated slightly at the recent reforecast as a result of under-recruitment to Autumn cohorts. The indicative budget for 2024-25 indicates a return to generating a surplus as a result of the new premises enabling the space for learner growth, even when adjusted for the Autumn 2024 under-recruitment. The Group is projecting to maintain adequate cash balances throughout the year and up to December 2024.

After making appropriate enquiries, the Corporation believes that it is appropriate to continue to prepare these financial statements on a going concern basis but recognises that although the financial outlook has improved over the past year with the progression of the capital projects, there remain some material uncertainties that may affect its ability to continue as a going concern.

## **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.

## **Agency arrangements**

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

## **Accounting for post-employment benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS). 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 until July 2023) have been depreciated fully. The Broad Lane lease had been extended by a further 3 years to December 2023 and the net book value of refurbishment costs were being depreciated over the extended lease period. They were subsequently adjusted to reflect the reduced period of use. The new premises in Victoria have been refurbished between April and August 2023 with the contractors managed by DfE and capital funding provided jointly by DfE and the Greater London Authority (GLA).

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		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
<b>Recurrent grants</b>				
Education and Skills Funding Agency – 16 -19	1,260,959	1,260,959	1,133,409	1,133,409
Education and Skills Funding Agency - apprenticeships	1,896,144	1,896,144	1,463,300	1,463,300
<b>Specific grants</b>				
Teacher Pension Scheme contribution grant	56,009	56,009	49,918	49,918
Government capital grants	557,056	523,984	-	-
<b>Total</b>	<b>3,770,167</b>	<b>3,737,095</b>	<b>2,646,627</b>	<b>2,646,627</b>

3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
<b>Total: Education contracts</b>	<b>1,042</b>	<b>1,042</b>	<b>1,138</b>	<b>1,138</b>

4 Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
Grant Funding	-	-	15,600	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15,600</b>	<b>-</b>

5 Other income	Year ended 31 July		Year end 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
Rental Income	31,771	-	27,963	-
Other income generating activities	400	400	10,250	10,250
Miscellaneous Income	36,691	28,300	77,617	6,655
<b>Total</b>	<b>68,863</b>	<b>28,700</b>	<b>115,830</b>	<b>16,905</b>

6 Investment income	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
Interest receivable	127	82	148	102
<b>Total</b>	<b>127</b>	<b>82</b>	<b>148</b>	<b>102</b>

## 7 Donations and endowments

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
Unrestricted donations	564,270	124,234	307,396	72,674
Restricted donations	134,086	49,086	429,158	396,158
Donated services	90,200	-	90,200	-
<b>Total</b>	<b>788,557</b>	<b>173,320</b>	<b>826,754</b>	<b>468,832</b>

## 8 Staff costs

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

	2023		2022	
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	17	17	20	20
Non-teaching staff	39	1	32	1
	<b>56</b>	<b>18</b>	<b>52</b>	<b>21</b>

### Staff costs for the above persons

	2023		2022	
	Group	College	Group	College
	£	£	£	£
	Wages and salaries	2,209,470	880,088	1,953,510
Social security costs	242,692	100,944	215,527	101,426
Other pension costs (note 16)	286,356	170,500	248,501	158,422
<b>Payroll sub total</b>	<b>2,738,518</b>	<b>1,151,532</b>	<b>2,417,538</b>	<b>1,149,358</b>
Contracted out staffing services	223,400	142,978	203,057	148,762
<b>Total Staff costs</b>	<b>2,961,918</b>	<b>1,294,510</b>	<b>2,620,595</b>	<b>1,298,120</b>

### 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, Dean, Principal and Director of Finance and Data.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	<b>4</b>	<b>2</b>

## 8 Staff costs (continued)

For the salary ranges set out below, the number of key management personnel who received annual emoluments excluding pension contributions and employer's national insurance but including benefits in kind was 4. For the same ranges, the number of other staff who received annual emoluments excluding pension contributions and employer's national insurance but including benefits in kind was 1.

There were 3 other members of staff who had a total emolument of under £60,000 but would have exceeded that threshold on a full-time equivalent (FTE) basis. Of these there was 1 member of staff would have been in the in the £60-65,000 range, 1 in the £65-70,000 range and 1 in the £70-75,000 range on an FTE basis (2022: 1 member of staff who would have been in the £70-75,000 range).

	Group			
	2023		2022	
	Key management personnel	Other staff	Key management personnel	Other staff
	No.	No.	No.	No.
£40,000 to £45,000	1	-	-	-
£55,001 to £60,000	-	-	1	-
£60,001 to £65,000	-	1	-	2
£65,001 to £70,000	1	-	-	-
£70,001 to £75,000	1	-	-	-
£80,001 to £85,000	-	-	1	-
£95,001 to £100,000	1	-	-	-
	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>

Key management personnel compensation is made up as follows:

	Group	
	2023	2022
	£	£
Salaries	263,597	142,586
Employers' National Insurance	31,871	17,747
Performance related pay and bonus	19,988	-
	<b>315,456</b>	<b>160,333</b>
Pension contributions	56,021	33,764
Total key management personnel compensation	<b>371,477</b>	<b>194,097</b>

Total key management personnel include £371,477 (2022: £194,097) in respect of the College. Figures are higher than the previous year due to the current year including additional Senior Post Holders.

## 8 Staff costs (continued)

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

	Group	
	2023	2022
	£	£
Salaries	87,039	84,500
Employers' National Insurance	10,791	10,743
Performance related pay and bonus	10,440	-
	<b>108,270</b>	<b>95,243</b>
Pension contributions	20,610	20,010

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. During the year the Remuneration Committee agreed to the partial achievement of a long-term performance bonus for the original college founders, the Chief Executive and Dean. The bonus partially compensates them for drawing lower salaries than sector norms over that period.

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	2023	2022
Chief Executives' basic salary as a multiple of the median of all staff	2.27	2.26
Chief Executives' total remuneration as a multiple of the median of all staff	3.00	2.52

## 9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023		2022	
	Group	College	Group	College
	£	£	£	£
Teaching costs	130,696	121,504	172,684	147,041
Non-teaching costs <sup>^</sup>	594,279	1,798,217	474,958	2,010,672
Premises costs	630,406	-	487,672	1,092
<b>Total</b>	<b>1,355,382</b>	<b>1,919,721</b>	<b>1,135,314</b>	<b>2,158,805</b>

<sup>^</sup>Includes £90,200 of donated services (2022: £90,200)

<b>Other operating expenses include:</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration:		
Financial statements audit*	33,600	22,254
Internal audit	5,355	16,890
Rental of building under operating leases	358,000	275,000
Losses on disposal of fixed assets	-	53,386

\*Includes £21,360 in respect of the College (2022: £14,166)

## 10 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.

## 11. Tangible fixed assets (Group)

	Leasehold land and buildings	Office & IT Equipment and Software	Furniture & Fittings	Total
<b>Cost</b>	£	£	£	£
At 1 August 2022	3,367,857	758,762	330,446	4,457,065
Additions	-	159,451	-	159,451
Disposals	-	(10,818)	-	(10,818)
At 31 July 2023	<u>3,367,857</u>	<u>907,395</u>	<u>330,446</u>	<u>4,605,698</u>
<b>Depreciation</b>				
At 1 August 2022	3,078,530	695,187	243,480	4,017,197
Provided in the year	289,327	86,540	26,662	402,529
Disposals	-	(10,818)	-	(10,818)
At 31 July 2023	<u>3,367,857</u>	<u>770,909</u>	<u>270,142</u>	<u>4,408,908</u>
<b>Net Book Value at 31 July 2023</b>	<u>-</u>	<u>136,486</u>	<u>60,304</u>	<u>196,790</u>
<b>Net Book Value at 31 July 2022</b>	<u>289,327</u>	<u>63,574</u>	<u>86,966</u>	<u>439,867</u>

All fixed assets are used for the direct furtherance of the charity's objectives. Costs associated with the refurbishment of Broad Lane were originally being depreciated to the end of the lease in December 2023. As this premise was vacated by 31 July 2023, these have been fully depreciated in the year.

12 Trade and other receivables	At 31 July		At 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
Trade receivables	128,595	26,698	(3,813)	1,444
Prepayments and accrued income	-	-	116,595	-
Amounts due from subsidiary undertakings	-	1,142,224	-	61,853
<b>Total</b>	<b>128,595</b>	<b>1,168,923</b>	<b>112,781</b>	<b>63,298</b>

13 Creditors: amounts falling due within one year	At 31 July		At 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£	£	£	£
Trade payables	27,791	16,761	46,503	16,467
Other taxation and social security	81,108	44,257	58,130	29,203
Accruals	144,805	45,111	40,663	14,886
Amounts due to subsidiary undertakings	-	324,043	-	301,533
Other creditors	83,860	76,880	63,729	62,025
<b>Total</b>	<b>337,563</b>	<b>507,052</b>	<b>209,025</b>	<b>424,114</b>

14 Cash and cash equivalents	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£	£	£	£
Cash and cash equivalents	1,165,689	264,692	-	1,430,381
<b>Total</b>	<b>1,165,689</b>	<b>264,692</b>	<b>-</b>	<b>1,430,381</b>

#### 15 Events after the reporting period

There were 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 October 2023.

<b>Total pension cost for the year</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Teachers' Pension Scheme: contributions paid	170,500	158,422
Aviva Workplace Pension Scheme	115,856	90,079
<b>Total pension cost for the period within staff costs</b>	<b>286,356</b>	<b>248,501</b>

Contributions amounting to £31,244 (2022: £11,178) were payable to the Aviva Workplace Pension scheme at 31 July 2023 and are included within creditors. There were no contributions owing to the Teachers' Pension Scheme at 31 July 2023 (2022: £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. Prior to 31 July 2023 the latest actuarial review of the TPS related to the period ended 31 March 2016. A further valuation of the TPS scheme, relating to the period ended 31 March 2020 was published in October 2023. The March 2016 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, 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 2022-23 academic year. The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

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

## 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.

Expenses of £443 were paid to or on behalf of one Corporation member during the year (2022 - £nil).

No Corporation member received any remuneration or waived payments from the Group or the College during the year in connection with their role as Corporation members (2022 – none). The Corporation includes a number of staff members who receive remuneration in their capacity as employees of the college rather than as members of the Corporation.

Fundraising income amounting to £79,000 (2022: £72,000) was received from Bank of America. Gillian Lancaster, a member of the Board is a Managing Director at Bank of America. A personal donation of £2,000 (2022: nil) was made by one Corporation member, Zarine Kharas.

### ***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 £1,760,415 during the year (2022 - £1,980,365) relating to the provision of premises, operational and marketing support.

## 18 Restricted funds

	At 1 August 2022	Incoming resources	Resources expended	Transfers	At 31 July 2023
	£	£	£	£	£
<b>Group</b>					
a) Restricted funds – Student Bursaries	41,246	20,000	(7,726)	1,920	55,440
b) Restricted funds - Salesforce	396,158	-	(102,427)	-	293,731
c) Capital	303,423	468,752	(453,920)	137,972	456,227
d) Future Leaders	2,000	-	-	-	2,000
e) Restricted – other	-	85,000	(37,013)	-	47,987
	<b>742,827</b>	<b>573,752</b>	<b>(601,086)</b>	<b>139,892</b>	<b>855,385</b>

## College

a) Restricted funds – Student Bursaries	-	20,000	(7,726)	(82)	12,193
b) Restricted funds - Salesforce	396,158	-	(102,427)	-	293,731
c) Capital	-	468,752	(133,591)	-	335,161
	<b>396,158</b>	<b>488,752</b>	<b>(243,743)</b>	<b>(82)</b>	<b>641,085</b>

- a) Student Bursaries – funding provided for student bursaries
- b) Salesforce – funding provided for organisation expand support of young adults from underserved backgrounds in London and Manchester.
- c) Capital funding from the Department for Education and Greater London Authority for capital costs associated with the premises, IT and equipment.
- d) The college supports the Panopoly project which helps identify future leaders. The college administers payment of bursaries to the project participants.
- e) Restricted – other, currently comprises a restricted grant from PA Foundation to support people from disadvantaged backgrounds into apprenticeship roles.

## 19 Operating lease commitments

As at 31 July 2023, the charity had annual commitments under non-cancellable operating leases relating to land and buildings as set out below.

	2023	2022
	£	£
Expiring:		
1 year	-	275,000
2 – 5 years	-	139,583
	<u>-</u>	<u>414,583</u>

£358,000 has been charged to expenditure for the year. (2022 £275,000). This amount includes the remaining amounts payable under the lease up to 31 December 2023 as the Broad Lane property was vacated early.

## 20 Contingent liabilities

Due to the nature of the College's agreement with funding bodies, the College's learner records are periodically subject to audit by representatives of the funding bodies in a subsequent accounting period. There is a possibility that these audits would identify learner records that did not fully comply with the funding rules and so the College would be required to repay some of the funding received. The amounts of the potential obligation if such an audit was to be undertaken cannot be reliably estimated.