

**NEWHAM  
COLLEGE  
LONDON**



**Annual Report and Financial Statements  
Year ended 31 July 2023**

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## **Reference and Administrative Details**

### **Key Management Personnel, Board of Governors and Professional Advisers**

#### **Board of Governors**

Paul Jackson, Chair of Board of Governors, Started February 2023

Martin Cumella, Chair of Board of Governors, Resigned January 2023

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

#### **Clerk to the Corporation**

Judith Nelson

#### **Key Management Personnel**

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

|               |  |
|---------------|--|
| Paul Stephen  | Principal and Accounting Officer & CEO |
| Judith Abbott | Chief Operating Officer                |
| Jamie Purser  | Deputy CEO                             |

|  |   |
|--|---|
| <b>Principal and Registered Office</b> | East Ham Campus<br>High Street South<br>London E6 6ER |
|--|---|

#### **Professional Advisors**

|   |   |
|---|---|
| Financial statements auditors and reporting accountants | RSM UK Audit LLP,<br>25 Farringdon Street<br>London EC4 4AB   |
| Internal Auditors                                       | Scrutton Bland<br>Fitzroy House, Crown Street, Ipswich, Suffolk IP1 3LG   |
| Bankers   | Barclays Bank PLC<br>1 Churchill Place<br>London E14 5HP  |
| Solicitors  | Eversheds Sutherland Ltd<br>Two New Bailey, 6 Stanley Street<br>Manchester M3 5GX<br><br>Irwin Mitchell Solicitors<br>Riverside East<br>2 Millsands<br>Sheffield S3 8DT |
| Actuaries   | Barnett Waddingham LLP<br>London Wall Place, 2, 123 London Wall,<br>London EC2Y 5AU   |

## **STRATEGIC REPORT**

### **OBJECTIVES AND STRATEGY**

The governing body present their annual report together with the financial statements and auditor's report for Newham College for the year ended 31 July 2023.

#### **Legal status**

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

#### **Mission, Vision, Strategy and Objectives**

##### **College mission statement**

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

##### **College values**

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

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

### **College Values**

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

## College strategy

The College has an approved strategic plan for 2022-2027. There are four commitments within it – the key building blocks - that Newham College will develop over the duration of the plan:

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

Strategic KPIs for the year, and progress, were as follows:

|   |
|---|
| <p><b>Anchor Institution:</b></p> <ol style="list-style-type: none"> <li>1. Build the College’s standing and external reputation through senior representation and influence on key external stakeholder groups</li> <li>2. Continue the FE Climate Roadmap journey to embed “Established” level of maturity in our approach to sustainability and develop a costed decarbonisation plan</li> <li>3. Design, develop and deliver a programme of tailored training, support and mentoring to progress the EDI leadership targets of 40% ethnic minority representation in senior leadership and 50% leadership /management roles by 2030</li> </ol>  |
| <p><b>Pathways to Great Careers:</b></p> <ol style="list-style-type: none"> <li>1. Meet Y1 recruitment and progression targets for L4 digital programmes</li> <li>2. Complete the “bespoke consultation” process and join the OfS register</li> <li>3. Successful delivery of Y1 IoT business plan, and co-creation of Y2 plan with employers</li> <li>4. Develop and embed methodologies for increasing the capture of student destinations, including the formation of an alumni group</li> </ol>   |
| <p><b>Collaboration:</b></p> <ol style="list-style-type: none"> <li>1. Deliver training programmes to at least 750 learners in collaboration with employer partners, with at least 300 securing employment following their training</li> <li>2. Create an employer engagement/local skills strategy and set up/join employer advisory boards for priority sectors (health, digital, engineering)</li> </ol>   |
| <p><b>Financial sustainability and Investment:</b></p> <ol style="list-style-type: none"> <li>1. Become an employer of choice, recognised for fairness, equality of opportunity, and purpose – measured by GLA Good Work Standard accreditation; early acceptance of a sustainable pay award; retention of key staff; impact of CPD programme on promoting whole College FE literacy; and staff satisfaction</li> <li>2. Implement phase 1 EHC and SC campus redevelopment and T Level projects on programme and to budget, whilst bidding for further phase funding as available.</li> <li>3. Grow and retain 16-18 students beyond contract, and where appropriate, seek in year funding</li> </ol> |

## Resources

The college employs 438 people, of whom 180 are teaching staff.

The college enrolled approximately 8,840 students. The college’s student population included 1,715 16-to-18-year-old students, 210 apprentices, 134 pre16 students and 6,781 adult learners.

The college has £39.1 million (2022: £32.3 million) of net assets excluding £nil defined benefit pension asset (2022: £3.8 million liability) and long-term debt of £21.4 million (2022: £16.6 million).

Tangible resources include the 2 main college sites, East Ham Campus and Stratford Campus together with a £28 m state of the art Institute of Technology at London City Island, a joint venture with Queen Mary University, which fully opened in September 2023 after partially opening in 2022. The college also

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holds £14,250k cash at bank as at 31 July 2023 (2022: £13,017k), much of which is earmarked for investment in long-overdue improvement works on the two main campuses.

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

### **Stakeholders**

The College has many stakeholders including:

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

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

### **Public benefit**

Newham College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15 and 16. In setting and reviewing the college's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 8,840 students, including 198 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The college adjusts its courses to meet the needs of local employers and provides training to 210 apprentices.

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

## **DEVELOPMENT AND PERFORMANCE**

### **Financial Review**

The group generated a surplus of £1,841k (2022: deficit of £640k). This includes a one-off donation of £776k from former subsidiary Newtec to the College following its winding-up. Excluding this and other non-cash items, the College's operating performance was £3,524k.

The group received 78% of its total income for 2022/23 of £39,023k (2022: £36,056k) from grants from funding bodies, most notably from the Greater London Authority for adult provision and the Education and Skills Funding Agency for 16-18 provision. The increase in performance from the prior year was primarily due to better delivery of the GLA AEB budget combined with additional education contract funding for SEND learners. In 2022/23 expenditure of £37,232k increased by £472k (2022: £36,760k) mainly due to increased staffing costs because of teaching staff grade increases and increased utility costs.

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The group's financial health for 2022/23 has been assessed as 'Outstanding' versus a target of 'Good'. The group posted a positive EBITDA, has low bank borrowings and a strong cash balance.

At the balance sheet date, the group held net current assets of £6,069k (2022: £5,301k) and net assets of £43,896k (2022: £37,164), which excludes a defined benefit pension asset of £nil (2022: £3,793k pension liability).

At £3,522k, (2022: £4,779k) net cash inflow generated from operations remained strong. The decrease in net cash flow from the prior year is primarily due to the College's energy contracts coming due for renewal at the peak of the energy cost crises increasing utility cost and increased pay costs due to the College increasing its teaching pay scales to ensure they are in line with London Colleges so that the College is well placed to attract good teaching staff.

During the year the college continued its capital investment programme to address estate and IT capital maintenance concerns arising from many years of underinvestment. Capital expenditures of £9,192k (2022: £15,518k) were met by various capital grants match funded from college reserves. These included two T Levels Capital Fund Wave 4 projects, to refurbish engineering and motor vehicle workshops and create state of the art digital technology classrooms at Stratford Campus (£3.4m including £1.4m match funding) and to establish a Business and Management facility at East Ham Campus (£711k with £291k match funding).

The College has also secured two FE Capital Transformation Fund grants, with one to refurbish elements of the main 8-storey building at East Ham campus (£6.3m with £1.9m match funding) now well under way. Windows have now been replaced on several floors together with refurbishment of toilets on four floors. Work on this project will continue in 2023/24 with a completion date scheduled for May 2024. The second FECTF project is to replace an end of life building at Stratford Campus. This is currently at Stage 4 design with main contractor tender responses due in November 2023 and awaiting discharge of planning conditions. Most of the expenditure will be incurred in 2024.

Various additional capital allocations were received from the DfE during 2023 which have been utilised as match funding for the above programmes and for other smaller capital building works on both campuses. The College also received a £100k capital grant from London Borough of Newham towards a café to be run by our SEND students as real-life work experience, which is due to open in November 2023.

The College has also invested in a new website due to go live at end-November 2023 and is in the process of replacing its current HR and payroll system (which is obsolete and end of life) with iTrent, due to go live in February 2024.

Following substantial investment in upgrading its IT infrastructure, the College successfully achieved Cyber Essentials Plus accreditation in October 2023.

Overall, tangible, and intangible fixed asset additions during the year amounted to £9,327k. This was split between buildings improvements of £2,917k, equipment purchases of £1,260k and assets during construction of £5,150k.

The College's total borrowings are low, comprising a small commercial loan from Lloyds Bank and an interest free loan from Salix Finance. The cost of servicing the commercial debt was £21k in interest payments.

The group has accumulated reserves of £43,896k (2022: £37,164k) and cash and short-term investment balances (cash) of £14,283k (2022: £13,058k). The group wishes to continue to accumulate reserves and cash balances to create a contingency fund to meet future capital requirements including match funding for capital grant-funded projects currently under way and for future capital grant applications.

## **Group Companies**

As at 31 July 2023 balance sheet date, the College had 3 subsidiary companies:

- Learning Revolution Trust – recorded a deficit of £11.7k (2022: surplus of £6.0k) against income generated of £20.9k (2022: £33.8k)
- Newham Foundation – recorded a breakeven position (2022: breakeven position)
- The Fashion & Textile Museum – did not trade (2022: did not trade)

## **FUTURE PROSPECTS**

### **Future developments**

The major capital investment programme the College started in 2021-22 to improve its run-down estate will continue into 2023-24 and beyond. The College is planning to invest £17m in its overall estate during 2023-24 of which £10.4m is funded by capital grants and during 2024-25 a further spend of £11m is planned which will be funded by £7.1m of grants secured. The College is match-funding this investment programme from its current and future general cash reserves. This substantial investment has been long overdue to address some of the considerable capital maintenance backlogs and continue the journey of estates transformation.

The FECTF projects will continue in 2023/24, with the new building at Stratford Campus (£12.3m of which £4.6m match funding) due for completion in February 2025. The College secured a Public Sector Decarbonisation Scheme grant (£834k with £349k match funding) in 2023 to replace end of life fossil fuel boilers serving two buildings at Stratford Campus with air source heat pumps, as part of its journey to Net Zero Carbon. This project is due for completion in December 2023.

In 2023, the College was successful in securing its Office for Students registration and will be developing its curriculum offer at Level 4 and above to include Higher Technical Qualifications in Construction, Healthcare and Engineering. Following substantial investment in green technology it is also planning to add courses in electrical vehicles and solar cells.

### **Financial Plan**

The college governors approved a financial plan in July 2023 which sets the following objectives for the period to July 2024. The college/group aims to achieve:

- a financial health rating of 'Good' and 230 points;
- EBITDA of £2.2 million / 6% of income and a small operating surplus;
- 73 cash days in hand at balance sheet date;
- staff costs at or below 60% of income generated.
- Adjusted current ratio 1.82

Adult education main grant budget in 2023/24 is in line with the 2022/23 grant allocation. Funded learner numbers for 16-19 are up in 2023/24 compared against 2022/23 from 1,802 to 1,934.

### **Treasury policies and objectives**

The college has treasury management arrangements in place to manage cash flow, banking arrangements and the risks associated with those activities. Where it has cash reserves in excess of immediate need, the College transfers funds to higher interest deposit accounts. As part of its environmental sustainability initiatives, the College retains part of its funds in excess of immediate need in a 65-day Barclays Green Deposit account which is earmarked by them to promote environmental benefits.



**Reserves policy**

The college has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college’s core activities. The college group’s reserves include £nil (2022: £nil) held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at £17,285k (2022: £10,553k). It is the Corporation’s intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

The main risk factors affecting the college are outlined below along with the action taken to minimise them. Not all the factors are within the college’s control. Other factors besides those listed below may also adversely affect the college.

| <b>Risk No.</b> | <b>Risk</b>  | <b>Control / Mitigating Actions</b>  |
|-----------------|--|--|
| <b>1</b>        | Failure to manage timely transition from Software for People (obsolete in March 2024) to iTrent for HR and payroll, and to optimise HR reporting metrics                       | Project manager appointed on fixed term contract.<br>Appointed Payroll Consultant<br>Appointing Senior Payroll Officer<br>Utilising RSM to make LGPS submissions until transfer to iTrent is completed   |
| <b>2</b>        | Failure to make progress toward medium to long term estate regeneration including mitigation of inflationary pressures on capital projects and journey towards net zero carbon | FE Capital Transformation Fund projects to replace Y Block (by January 2025) at Stratford and replace windows, roofs etc at East Ham (by May 2024).<br><br>Public Sector Decarbonisation project to replace gas boilers with air source heat pumps for A and YPA blocks at Stratford campus.   |
| <b>3</b>        | Failure to implement effective safeguarding practices and keep our learners safe from harm   | Strong DSO and Safeguarding team supported by Security, Duty Managers, pastoral care tutors and mental health counsellor<br>Regular training of staff and compliance with KCSIE, Safer Recruitment, SEND code of practice<br>Good relationship with PCSO and other agencies in the Borough<br>Timely marking of registers<br>Strong H&S ethos including maintenance/compliance testing, up-to-date risk assessments, trained First |

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| <b>Risk No.</b> | <b>Risk</b>   | <b>Control / Mitigating Actions</b>  |
|-----------------|---|--|
|                 |   | Aiders, reporting of incidents and near misses<br>Barracuda and Impero software in place to mitigate cyber risks and pick up early warnings of unsafe online behaviour   |
| <b>4</b>        | Failure to harness, adopt and embed technologies that have the potential to overhaul business and learning practices  | Appoint a Digital Transformation lead<br>Upskill staff   |
| <b>5</b>        | Failure to build an effective partnership with LB Newham around Newham Sparks, the Newham Foundation and adult skills | Identify clear expectations of what we need from LBN and communicate these effectively.<br>Seek pathways from LBN community education to college and plan to reduce reliance on ESOL, in which there is strong competition from LBN.<br>Develop ideal strategy for community assets and then negotiate with LBN future tenure and resolve future of Newham Foundation. |

**KEY PERFORMANCE INDICATORS**

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

| <b>Key performance indicator</b> | <b>Measure / Target</b> | <b>Actual for 2022/23</b> |
|----------------------------------|-------------------------|---------------------------|
| Operating surplus*               | £286k or above          | £3,488k                   |
| Adjusted Current Ratio           | 1.54 : 1.00             | 1.93 : 1.00               |
| EBITDA as % of income            | 6.02%                   | 9.66%                     |
| Cash Days                        | 96                      | 161                       |
| Health Ratio                     | Good                    | Outstanding               |
| Ofsted Rating                    | Good                    | Good                      |

\*Before pension adjustment

**Student achievements**

Students continue to prosper at the college. Achievement rates remained high in 2022/23 with 16-18 achievement 0.5 percentage points above national average (up 0.3% year on year), adult achievement 4.2% above national average and overall achievement at 88.7%. Students moved into employment, further or higher education after they completed college.

**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. During the accounting period 1 August 2022 to 31 July 2023, the College paid 96 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### Streamlined Energy and Carbon Reporting

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

- Replacement of single-glazed 1960's Crittall windows in the main 8-storey building at East Ham Campus with triple glazing – a phased programme of work that will continue until May 2024
- Installed a new Building Management System to give greater control over heating and gas usage across all campuses
- Commenced installation of new double glazing to replace single glazing in workshops at Stratford Campus (completed in 2023/24 academic year)
- Secured an £833k Public Sector Decarbonisation Scheme grant to replace fossil fuel boilers with air source heat pumps in two buildings at Stratford Campus – work commenced in the year ended July 2023 and will be completed by November 2023

The College's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are as follows:

| <b>UK Greenhouse gas emissions and energy use data for the period</b> | <b>1 August 2022 to 31 July 2023</b> | <b>1 August 2021 to 31 July 2022</b> |
|---|--------------------------------------|--------------------------------------|
| Energy consumption used to calculate emissions (kWh)                  | 5,727,696                            | 7,872,640                            |
| <u>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</u>             |                                      |                                      |
| Gas consumption   | 637                                  | 1,031                                |
| Owned transport   | 0                                    | 0                                    |
| Total   | 637                                  | 1,031                                |
| <u>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</u>             |                                      |                                      |
| Purchased electricity*  | 466                                  | 431                                  |
| <u>Scope 3 emissions in metric tonnes CO<sub>2</sub>e</u>             |                                      |                                      |
| Business travel in employee owned vehicles                            | 0                                    | 0                                    |
| Electricity distribution/transmission                                 | 40                                   | 39                                   |
| <b>Total gross emissions in metric tonnes CO<sub>2</sub>e</b>         | <b>1,143</b>                         | <b>1,501</b>                         |

\*Location - based method (this is zero under market – based method since the College has a zero-carbon electricity tariff)

#### Intensity ratio

|  |       |       |
|--|-------|-------|
| Metric tonnes CO <sub>2</sub> e per £m revenue | 18.29 | 29.72 |
|--|-------|-------|

#### **Intensity ratio**

The chosen intensity measurement ratio is tCO<sub>2</sub>e per £1m revenue

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

#### Relevant union officials

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

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

|   |          |
|---|----------|
| Total cost of facility time                     | £20,964  |
| Total pay bill                                  | £18,865k |
| Percentage of total bill spent on facility time | 0.11%    |

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

## **EQUALITY AND DIVERSITY**

### **Equality**

The college is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The college's Equality Policy is published on the college's Intranet site. The college publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The College has recently been reassessed and continues to meet the Investors in People accreditation standard. It is also working towards the Investors in Diversity accreditation.

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

The College is a Living Wage Foundation accredited employer and has implemented recommended rates as soon as increases have been announced. This has improved the wages of staff in the lowest quartile of the pay range.

### Gender pay gap reporting

Our goal is to reduce the gender pay gap further, with the aim of being able to demonstrate that gender has no impact on pay and reward.

|   | Year ending 31 March 2023 |
|---|---------------------------|
| Mean gender pay gap                           | 11.49%                    |
| Median gender pay gap                         | 3.34%                     |
| Mean bonus gender pay gap                     | 5.21%                     |
| Median gender bonus gap                       | 0%                        |
| Proportion of males/females receiving a bonus | 100%                      |

The proportion of males and females in each quartile of the pay distribution are:

|                          | Males | Females |
|--------------------------|-------|---------|
| 1. Lower quartile        | 37.2% | 62.8%   |
| 2. Lower middle quartile | 29.8% | 70.2%   |
| 3. Upper middle quartile | 45.2% | 54.8%   |
| 4. Upper quartile        | 50.0% | 50.0%   |

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

### Disability statement

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

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

### **GOING CONCERN**

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

In reaching this conclusion the Corporation has made an assessment of the College's ability to continue as a going concern and has taken into account all available information about the future, including the 2 year Financial Plan submitted to the ESFA on 31<sup>st</sup> July 2023.

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

### **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:**

A handwritten signature in black ink, appearing to read 'P. Jackson', with a long horizontal flourish extending to the right.

Paul Jackson  
**CHAIR OF THE BOARD**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

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

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges, which it formally adopted on September 2016. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023.

The College has commissioned an independent consultant to undertake an external review of governance. The Chair, Principal and Committee Chairs have provided their feedback on a prioritisation framework to the Clerk and have a planning and review meeting with the consultant of Education & Skills in December, to discuss the outcome of the framework and agree next steps. The outcome will be ratified by the Corporation on 13 December 2023, with a proposal to commence the external governance review in January 2024

## **THE CORPORATION**

### **Members of the Corporation**

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

**NEWHAM COLLEGE OF FURTHER EDUCATION  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

| <b>Name</b>         | <b>Date of appointment</b> | <b>Term of office</b>           | <b>Date of resignation</b> | <b>Status of appointment</b> | <b>Committees Served</b>  | <b>Board Attendance 2022/23</b> |
|---------------------|----------------------------|---------------------------------|----------------------------|------------------------------|---|---------------------------------|
| Mubin Ahmed         | October 2018               | 2 <sup>nd</sup> Term<br>5 years | -                          | Staff Governor               |   | 100%                            |
| Lalage Clay         | March 2023                 | 1 <sup>st</sup> Term            | -                          | Independent Governor         | • Member: Audit & Risk Committee  | 100%                            |
| Martin Cumella      | February 2014              | 3 <sup>rd</sup> Term<br>9 years | 31/01/2023                 | Independent Governor         | • Corporation Board Chair<br>• Chair: Search / Remuneration Committees<br>• Member: Finance & Resources Committee | 100%                            |
| Tom Flynn           | March 2023                 | 1 <sup>st</sup> Term            | -                          | Independent Governor         | • Member: Audit & Risk Committee  | 100%                            |
| Paul Jackson        | February 2023              | 1 <sup>st</sup> Term            | -                          | Independent Governor         | • Corporation Board Chair<br>• Chair: Search / Remuneration Committees<br>• Member: Finance & Resources Committee | 100%                            |
| Derwent Jaconelli   | March 2023                 | 1 <sup>st</sup> Term            | -                          | Independent Governor         |   | 25%                             |
| Lloyd Johnson       | September 2017             | 2 <sup>nd</sup> Term<br>6 years | -                          | Independent Governor         | • Member: Finance & Resources Committee   | 25%                             |
| Gurjit Kahlon       | December 2021              | 1 <sup>st</sup> Term<br>1 year  | 01/12/2022                 | Independent Governor         | • Member: Audit & Risk Committee  | 0%                              |
| Michael Magbagbeola | March 2023                 | 1 <sup>st</sup> Term            | -                          | Independent Governor         |   | 100%                            |
| Geoffrey Makstutis  | December 2021              | 1 <sup>st</sup> Term<br>2 years | -                          | Independent Governor         | • Member: Curriculum & Quality Committee<br>• Member: HE Oversight Board  | 100%                            |
| John McMahon        | March 2023                 | 1 <sup>st</sup> Term            | -                          | Independent Governor         | • Member: Curriculum & Quality Committee  | 100%                            |
| Femi Olatidoye      | December 2021              | 1 <sup>st</sup> Term<br>2 years | -                          | Independent Governor         | • Member: Finance & Resources Committee   | 75%                             |



**NEWHAM COLLEGE OF FURTHER EDUCATION  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

| Name            | Date of appointment | Term of office                  | Date of resignation | Status of appointment                | Committees Served   | Board Attendance 2022/23 |
|-----------------|---------------------|---------------------------------|---------------------|--------------------------------------|---|--------------------------|
| Danny Ridgeway  | December 2020       | 1 <sup>st</sup> Term<br>3 years | -                   | Independent Governor                 | <ul style="list-style-type: none"> <li>• Corporation Board Vice Chair</li> <li>• Chair: Curriculum &amp; Quality Committee</li> <li>• Chair: HE Oversight Board</li> <li>• Member: Finance &amp; Resources Committee</li> </ul> | 100%                     |
| Pam Rowe        | December 2020       | 1 <sup>st</sup> Term<br>3 years | -                   | Independent Governor                 | <ul style="list-style-type: none"> <li>• Chair: Audit &amp; Risk Committee</li> <li>• Safeguarding Lead Governor</li> </ul>   | 75%                      |
| Joanne Roxburgh | December 2020       | 1 <sup>st</sup> Term<br>3 years | -                   | Independent Governor                 | <ul style="list-style-type: none"> <li>• Member: Curriculum &amp; Quality Committee</li> <li>• Member: HE Oversight Board</li> </ul>  | 100%                     |
| Trina Sarkar    | December 2020       | 1 <sup>st</sup> Term<br>1 year  | 01/01/2023          | Independent Governor                 | <ul style="list-style-type: none"> <li>• Member: Curriculum &amp; Quality Committee</li> </ul>  | 25%                      |
| Paul Stephen    | July 2017           | -                               | -                   | Principal & CEO / Accounting Officer |   | 100%                     |
| Sarah Thomas    | May 2022            | 1 <sup>st</sup> Term<br>1 year  | -                   | Independent Governor                 | <ul style="list-style-type: none"> <li>• Member: Finance &amp; Resources Committee</li> </ul>   | 100%                     |
| Irfan Umarji    | March 2019          | 2 <sup>nd</sup> Term<br>4 years | -                   | Independent Governor                 | <ul style="list-style-type: none"> <li>• Chair: Finance and Resources Committee</li> </ul>  | 100%                     |
| Grant Wilson    | December 2022       | 1 <sup>st</sup> Term<br>1 year  | -                   | Student Governor                     |   | 100%                     |
| Suhud Yekini    | December 2022       | 1 <sup>st</sup> Term<br>1 year  | -                   | Student Governor                     |   | 100%                     |

Judith Nelson operates as Clerk to the Corporation.

**The Governance framework**

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Search Committee; Remuneration Committee; Audit & Risk Committee; Finance & Resources Committee; Curriculum & Quality Committee.

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

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

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

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

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

### **Appointments to the Corporation**

Any new member appointments to the corporation are a matter for the consideration of the corporation as a whole. The Corporation has a search committee, consisting of three members of the corporation, which is responsible for the selection and recommendation of any new member for the corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding three years and a maximum of three terms.

### **Corporation performance**

The Corporation will carry out a self-assessment of its own performance which will be undertaken by an external reviewer. This review will form part of the external governance process, which will commence in January 2024.

Corporation performance is reviewed regularly and includes Financial Performance Reviews, Quality and Teaching training, Self-Assessment Report (SAR), Annual Self-Assessment. A considerable focus on Corporate Performance has ensured College Performance has been significantly improved across a number of key areas within the College. This focus will continue during 2023/24 following the last 'Good' Ofsted inspection as the college continues the journey to achieve OFSTED 'Outstanding' performance.

### **Remuneration Committee**

Throughout the year ending 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 and other key management personnel.

Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the financial statements.

### **Audit & Risk Committee**

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

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

The college's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit & Risk Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

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

| <b>Committee member</b>   | <b>Meetings attended</b> |
|---|--------------------------|
| Pam Rowe  | 3                        |
| Tom Flynn   | 1                        |
| Lalage Clay   | 0                        |
| Gurjit Kahlon (resigned 01/12/22)   | 1                        |
| Joanne Roxburgh (in attendance as a Corporation member to ensure quoracy) | 2                        |
| John Turnbull (external co-opted member)                                  | 3                        |

### **Search Committee**

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

### **Finance & Resources Committee**

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

### **Curriculum & Quality Committee**

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

## **INTERNAL CONTROL**

### **Scope of responsibility**

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

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

### **The purpose of the system of internal control**

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newham College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the corporation.

### **The risk and control framework**

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the corporation on the recommendation of the audit & risk committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **Risks faced by the College**

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

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

### **Control weakness identified**

The internal auditors did not identify any significant financial control weaknesses or failures during the 2022/23 audit programme.

### **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 college 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 process 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.

The College has met its statutory responsibilities by utilising its assets to deliver teaching and learning as laid out earlier in the Strategic Report, and its contractual obligations by doing so in line with all prevailing funding guidance. It submitted its Managing Public Money return in April 2023 confirming compliance with new requirements following reclassification of colleges as public sector organisations and continues to meet all requirements contained therein.

### **Statement from the Audit & Risk Committee**

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

The specific areas of work undertaken by the Audit & Risk Committee in 2022/23 and up to the date of the approval of the financial statements are:

- Internal audits conducted by Scrutton Bland:
  - Income and Debtors – Significant Assurance
  - Human Resources – Limited Assurance
  - Curriculum, Planning and Lecturer Utilisation – Significant Assurance
  - Student Recruitment and Retention - Significant Assurance
  - Student Mental Health and Wellbeing – Significant Assurance
  - Subcontracting Standard
- Specialist cyber security audits and penetration testing by JISC
- Internal Funding Audit and Compliance Manager in-depth reviews (Adult Education funding; Advanced Loan funding; Learner Attendance; Awarding Body registrations; Conditions of funding; Free school meals; High needs learners and EHCPs; ILR outcomes and grades; and Study Programmes)

### **Review of effectiveness**

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

- the work of the internal auditors
- the work of the executive managers within the college who have responsibility for the development and maintenance of the internal control framework
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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

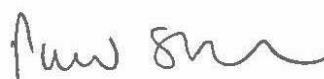
The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 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 & Risk Committee and the Accounting Officer, the corporation is of the opinion that the college has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

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



Paul Jackson  
**CHAIR OF THE BOARD**



Paul Stephen  
**ACCOUNTING OFFICER**

**Statement on the College's regularity, propriety and compliance**

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety 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 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 the 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 non-compliance 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 the ESFA.



Paul Stephen

Accounting Officer

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.



Paul Jackson

Chair of the Board

13 December 2023

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA and Office for Students, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

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 strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance relevant legislation including the Further Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended 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:**



Paul Jackson  
**CHAIR OF THE BOARD**



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

**Opinion**

We have audited the financial statements of Newham College of Further Education (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2023 which comprise the consolidated and College statement of comprehensive income, the consolidated and College balance sheets, the consolidated and College statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice and the Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 and of the Group's and the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In our opinion, in all material respects:

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

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

**Responsibilities of the Corporation of Newham College of Further Education**

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

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

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

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

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

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

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

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

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

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

**Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 20 September 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

Date: 15th December 2023

**NEWHAM COLLEGE OF FURTHER EDUCATION  
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
AS AT 31 JULY 2023**

|  | Notes | 2023           |                  | 2022           |                  |
|--|-------|----------------|------------------|----------------|------------------|
|  |       | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| <b>Income</b>  |       |                |                  |                |                  |
| Funding body grants                                      | 2     | 30,445         | 30,430           | 29,626         | 29,611           |
| Tuition fees and education contracts                     | 3     | 3,627          | 3,627            | 3,290          | 3,290            |
| Other grants and contracts                               | 4     | 881            | 881              | 813            | 813              |
| Other income   | 5     | 3,086          | 2,250            | 2,289          | 1,507            |
| Investment income  | 6     | 181            | 181              | 3              | 3                |
| Donations and Endowments                                 | 7     | 803            | 803              | 35             | 35               |
| <b>Total Income</b>                                      |       | <b>39,023</b>  | <b>38,172</b>    | <b>36,056</b>  | <b>35,259</b>    |
| <b>Expenditure</b>                                       |       |                |                  |                |                  |
| Staff costs  | 8     | 20,243         | 20,166           | 19,801         | 19,728           |
| Other operating expenses                                 | 9     | 13,714         | 13,444           | 13,876         | 13,673           |
| Depreciation and amortisation                            | 11    | 3,038          | 2,523            | 2,473          | 1,958            |
| Interest and other finance costs                         | 10    | 237            | 237              | 610            | 610              |
| <b>Total Expenditure</b>                                 |       | <b>37,232</b>  | <b>36,370</b>    | <b>36,760</b>  | <b>35,969</b>    |
| <b>Surplus / (Deficit) before other gains and losses</b> |       | <b>1,791</b>   | <b>1,802</b>     | <b>(704)</b>   | <b>(710)</b>     |
| Profit on disposal of tangible fixed assets              |       | 50             | 50               | 64             | 64               |
| <b>Surplus / (Deficit) before tax</b>                    |       | <b>1,841</b>   | <b>1,852</b>     | <b>(640)</b>   | <b>(646)</b>     |
| Taxation   |       | -              | -                | -              | -                |
| <b>Surplus / (Deficit) for the year</b>                  |       | <b>1,841</b>   | <b>1,852</b>     | <b>(640)</b>   | <b>(646)</b>     |
| Re-measurement of net defined benefit pension liability  | 21    | 4,891          | 4,891            | 32,096         | 32,096           |
| <b>Other Comprehensive income for the year</b>           |       | <b>4,891</b>   | <b>4,891</b>     | <b>32,096</b>  | <b>32,096</b>    |
| <b>Total Comprehensive income for the year</b>           |       | <b>6,732</b>   | <b>6,743</b>     | <b>31,456</b>  | <b>31,450</b>    |

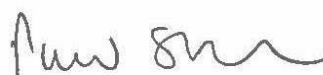
**NEWHAM COLLEGE OF FURTHER EDUCATION  
CONSOLIDATED AND COLLEGE BALANCE SHEETS  
AS AT 31 JULY 2023**

|   | Notes | 2023                 |                      | 2022                 |                      |
|---|-------|----------------------|----------------------|----------------------|----------------------|
|   |       | Group<br>£'000       | College<br>£'000     | Group<br>£'000       | College<br>£'000     |
| <b>Fixed assets</b>                             |       |                      |                      |                      |                      |
| Intangible assets                               | 11    | 172                  | 172                  | 87                   | 87                   |
| Tangible assets                                 | 11    | 62,476               | 54,217               | 56,272               | 47,498               |
| Investments                                     | 12    | -                    | 966                  | 0                    | 1,089                |
|   |       | <u>62,648</u>        | <u>55,355</u>        | <u>56,359</u>        | <u>48,674</u>        |
| <b>Current assets</b>                           |       |                      |                      |                      |                      |
| Debtors   | 13    | 1,840                | 1,880                | 1,336                | 1,348                |
| Cash at bank and in hand                        |       | 14,283               | 14,250               | 13,058               | 13,017               |
|   |       | <u>16,123</u>        | <u>16,130</u>        | <u>14,394</u>        | <u>14,365</u>        |
| <b>Current liabilities</b>                      |       |                      |                      |                      |                      |
| Creditors - amounts falling due within one year | 14    | 10,054               | 9,621                | 9,093                | 8,661                |
|   |       | <u>6,069</u>         | <u>6,509</u>         | <u>5,301</u>         | <u>5,704</u>         |
| <b>Net current assets</b>                       |       |                      |                      |                      |                      |
| <b>Total assets less current liabilities</b>    |       | <b>68,717</b>        | <b>61,864</b>        | <b>61,660</b>        | <b>54,378</b>        |
| Creditors - amounts falling due after one year  | 15    | 23,369               | 21,358               | 19,006               | 16,578               |
| <b>Provisions for liabilities</b>               |       |                      |                      |                      |                      |
| Defined benefit pension scheme                  | 17    | 0                    | 0                    | 3,793                | 3,793                |
| Other provisions                                | 17    | 1,452                | 1,452                | 1,697                | 1,697                |
| <b>Total net assets</b>                         |       | <u><b>43,896</b></u> | <u><b>39,054</b></u> | <u><b>37,164</b></u> | <u><b>32,310</b></u> |
| <b>Unrestricted reserves</b>                    |       |                      |                      |                      |                      |
| Income and Expenditure reserve                  |       | 17,285               | 16,943               | 10,553               | 10,199               |
| Revaluation reserve                             |       | 26,611               | 22,111               | 26,611               | 22,111               |
| <b>Total Reserves</b>                           |       | <u><b>43,896</b></u> | <u><b>39,054</b></u> | <u><b>37,164</b></u> | <u><b>32,310</b></u> |

The financial statements on pages 27 to 54 were approved and authorised for issue by the corporation on 13 December 2023 and were signed on its behalf on that date by:



Paul Jackson  
**CHAIR OF THE BOARD**



Paul Stephen  
**ACCOUNTING OFFICER**

**NEWHAM COLLEGE OF FURTHER EDUCATION  
CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES FOR THE YEAR  
ENDED 31 JULY 2023**

| <b>Group</b>                                   | <b>Income and<br/>expenditure<br/>reserves<br/>£'000</b> | <b>Revaluation<br/>reserve<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--|--|------------------------|
| <b>Balance at 1 August 2021</b>                | (20,903)   | 26,611                                   | 5,708                  |
| Deficit for the year                           | (640)  | -  | (640)                  |
| Other comprehensive income                     | 32,096   | -  | 32,096                 |
| <b>Total comprehensive income for the year</b> | <u>31,456</u>  | <u>-</u>                                 | <u>31,456</u>          |
| <b>Balance at 31 July 2022</b>                 | 10,553   | 26,611                                   | 37,164                 |
| Surplus for the year                           | 1,841  | -  | 1,841                  |
| Other comprehensive income                     | 4,891  | -  | 4,891                  |
| <b>Total comprehensive income for the year</b> | <u>6,732</u>   | <u>-</u>                                 | <u>6,732</u>           |
| <b>Balance at 31 July 2023</b>                 | <u><b>17,285</b></u>                                     | <u><b>26,611</b></u>                     | <u><b>43,896</b></u>   |
| <b>College</b>                                 |  |  |                        |
| <b>Balance at 1 August 2021</b>                | (21,251)   | 22,111                                   | 860                    |
| Deficit for the year                           | (646)  | -  | (646)                  |
| Other comprehensive income                     | 32,096   | -  | 32,096                 |
| <b>Total comprehensive income for the year</b> | <u>31,450</u>  | <u>-</u>                                 | <u>31,450</u>          |
| <b>Balance at 31 July 2022</b>                 | 10,199   | 22,111                                   | 32,310                 |
| Surplus for the year                           | 1,852  | -  | 1,852                  |
| Other comprehensive income                     | 4,891  | -  | 4,891                  |
| <b>Total comprehensive income for the year</b> | <u>6,743</u>   | <u>-</u>                                 | <u>6,743</u>           |
| <b>Balance at 31 July 2023</b>                 | <u><b>16,943</b></u>                                     | <u><b>22,111</b></u>                     | <u><b>39,054</b></u>   |

**NEWHAM COLLEGE OF FURTHER EDUCATION  
CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 JULY 2023**

|   | Notes | 2023<br>£'000       | 2022<br>£'000       |
|---|-------|---------------------|---------------------|
| <b>Operating activities</b>                               |       |                     |                     |
| Cash generated from operations                            | 18    | 3,522               | 4,779               |
| <b>Net cash generated from operations</b>                 |       | <u>3,522</u>        | <u>4,779</u>        |
| <b>Investing activities</b>                               |       |                     |                     |
| Interest received   |       | 181                 | 3                   |
| Capital grants received                                   |       | 6,983               | 1,015               |
| Proceeds from sale of fixed assets                        |       | 50                  | 2,431               |
| Purchase of tangible and intangible fixed assets          |       | (9,206)             | (3,787)             |
|   |       | <u>(1,992)</u>      | <u>(338)</u>        |
| <b>Financing activities</b>                               |       |                     |                     |
| Interest paid   |       | (21)                | (7)                 |
| Repayments of borrowings                                  |       | (284)               | (398)               |
|   |       | <u>(305)</u>        | <u>(405)</u>        |
| <b>Increase in cash and cash equivalents in the year</b>  |       | <u><b>1,225</b></u> | <u><b>4,036</b></u> |
| <b>Cash and cash equivalents at beginning of the year</b> |       | 13,058              | 9,022               |
| <b>Cash and cash equivalents at end of the year</b>       |       | <u>14,283</u>       | <u>13,058</u>       |

**Net debt reconciliation**

|                                 | 1 August<br>2022<br>£'000 | Cash flow<br>£'000 | Other non cash<br>movement<br>£'000 | 31 July<br>2023<br>£'000 |
|---------------------------------|---------------------------|--------------------|-------------------------------------|--------------------------|
| <b>Cash at bank and in hand</b> | 13,058                    | 1,225              | -                                   | 14,283                   |
| Bank loans                      | 285                       | (284)              | 284                                 | 285                      |
| <b>Debt due within one year</b> | 285                       | (284)              | 284                                 | 285                      |
| Bank loans                      | 759                       | -                  | (284)                               | 475                      |
| <b>Debt due after one year</b>  | 759                       | -                  | (284)                               | 475                      |
| <b>Total</b>                    | <u>12,014</u>             | <u>1,509</u>       | -                                   | <u>13,523</u>            |

## **1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

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

### **Basis of accounting**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022/23 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

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

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

### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiaries Newham Foundation and The Learning Revolution Trust, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union, of which there were none in 2023, have not been consolidated because the college does not control those activities.

All financial statements are made up to 31 July 2023.

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

### **Reduced disclosures**

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

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

### **Going concern**

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



**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

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The group and college currently has £760k of loans outstanding with banker and Salix. The terms of the existing loans are for another 4 years. The Group and College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The financial position of the Group and College remains sound and all known factors affecting the forward year (including ability to repay loans and manage pensions deficit) were taken into account within the budget setting process for 2024. This is expected to enable the Group and College to return a surplus position in 2024 and achieve 'good' financial health (Outstanding in 2023), whilst meeting its bank covenants. Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

**Recognition of income**

*Revenue grant funding*

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

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

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

*Capital grant funding*

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

*Fee income*

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

*Investment income*

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

**Agency arrangements**

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

**Accounting for Retirement benefits**

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

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

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*Teachers' Pension Scheme (TPS)*

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

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

*London Borough of Newham Pension Fund (LGPS)*

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Short term Employment benefits**

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

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

**Enhanced Pensions**

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

**Tangible fixed assets**

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

*Land and buildings*

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

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

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

*Assets under construction*

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

*Equipment*

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

*Depreciation and residual values*

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

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

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income.

*Intangible assets*

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

**Borrowing costs**

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

**Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term.

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

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Leasing agreements which transfer to the college substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value minimum lease payments) at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Investments**

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

### **Financial instruments**

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

#### *Financial assets and liabilities*

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

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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

### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

One of the College's subsidiary companies is subject to corporation tax and VAT in the same way as any commercial organisation.

### **Provisions and contingent liabilities**

Provisions are recognised when

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

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

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

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

**JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

*Judgements in applying accounting policies*

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

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

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*  
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*  
The present value of the Local Government Pension Scheme defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions obligation at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension obligation.

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

**2. FUNDING BODY GRANTS**

|  | 2023           |                  | 2022           |                  |
|--|----------------|------------------|----------------|------------------|
|  | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| <b>Recurrent Grants</b>                                    |                |                  |                |                  |
| Greater London Authority - adult education budget          | 15,515         | 15,515           | 14,716         | 14,716           |
| Education & Skills Funding Agency - adult education budget | 1,075          | 1,075            | 986            | 986              |
| Education & Skills Funding Agency - 16-18                  | 13,311         | 13,311           | 13,464         | 13,464           |
| <b>Specific Grants</b>                                     |                |                  |                |                  |
| Teacher Pension Scheme contribution grant                  | 453            | 453              | 376            | 376              |
| Release of Government Capital Grants                       | 91             | 76               | 84             | 69               |
| <b>Total</b>   | <b>30,445</b>  | <b>30,430</b>    | <b>29,626</b>  | <b>29,611</b>    |

**3. TUITION FEES AND EDUCATION CONTRACTS**

|                                     | 2023           |                  | 2022           |                  |
|-------------------------------------|----------------|------------------|----------------|------------------|
|                                     | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Adult Education Fees                | 103            | 103              | 206            | 206              |
| Fees for FE Loan Supported Courses  | 463            | 463              | 622            | 622              |
| Fees for OfS Loan Supported Courses | -              | -                | 31             | 31               |
|                                     | <b>566</b>     | <b>566</b>       | <b>859</b>     | <b>859</b>       |
| Education Contracts                 | 3,061          | 3,061            | 2,431          | 2,431            |
| <b>Total</b>                        | <b>3,627</b>   | <b>3,627</b>     | <b>3,290</b>   | <b>3,290</b>     |

**4. OTHER GRANTS AND CONTRACTS**

|                            | 2023           |                  | 2022           |                  |
|----------------------------|----------------|------------------|----------------|------------------|
|                            | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| European Commission        | 339            | 339              | 411            | 411              |
| Other grants and contracts | 542            | 542              | 402            | 402              |
|                            | <b>881</b>     | <b>881</b>       | <b>813</b>     | <b>813</b>       |

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

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**5. OTHER INCOME**

|   | 2023           |                  | 2022           |                  |
|---|----------------|------------------|----------------|------------------|
|   | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Rent receivable                                 | 112            | 112              | 89             | 89               |
| Retail income                                   | 843            | 843              | 710            | 710              |
| Release from deferred capital grants (non ESFA) | 1,627          | 1,102            | 1,018          | 493              |
| Miscellaneous income                            | 504            | 193              | 472            | 215              |
|   | <b>3,086</b>   | <b>2,250</b>     | <b>2,289</b>   | <b>1,507</b>     |

**6. INVESTMENT INCOME**

|                           | 2023           |                  | 2022           |                  |
|---------------------------|----------------|------------------|----------------|------------------|
|                           | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Other interest receivable | 181            | 181              | 3              | 3                |
|                           | <b>181</b>     | <b>181</b>       | <b>3</b>       | <b>3</b>         |

**7. DONATIONS**

|                        | 2023           |                  | 2022           |                  |
|------------------------|----------------|------------------|----------------|------------------|
|                        | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Unrestricted donations | 27             | 27               | 35             | 35               |
| Newtec donation        | 776            | 776              | -              | -                |
|                        | <b>803</b>     | <b>803</b>       | <b>35</b>      | <b>35</b>        |

Newtec Donation: a one-off donation of £776k from former subsidiary Newtec to the College following its winding-up.

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

**8. STAFF COSTS - GROUP AND COLLEGE**

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

| <b>GROUP</b>       | <b>2023</b> | <b>2022</b> |  |  |
|--------------------|-------------|-------------|--|--|
|                    | <b>No.</b>  | <b>No.</b>  |  |  |
| Teaching Staff     | 180         | 184         |  |  |
| Non-teaching Staff | 259         | 259         |  |  |
|                    | <b>439</b>  | <b>443</b>  |  |  |

| <b>COLLEGE</b>     | <b>2023</b> | <b>2022</b> |  |  |
|--------------------|-------------|-------------|--|--|
|                    | <b>No.</b>  | <b>No.</b>  |  |  |
| Teaching Staff     | 180         | 184         |  |  |
| Non-teaching Staff | 258         | 258         |  |  |
|                    | <b>438</b>  | <b>442</b>  |  |  |

|                               | <b>2023</b>   |                | <b>2022</b>   |                |
|-------------------------------|---------------|----------------|---------------|----------------|
|                               | <b>Group</b>  | <b>College</b> | <b>Group</b>  | <b>College</b> |
|                               | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>  | <b>£'000</b>   |
| Wages and salaries            | 14,389        | 14,312         | 13,236        | 13,163         |
| Social security costs         | 1,437         | 1,437          | 1,376         | 1,376          |
| Other pension costs           | 3,136         | 3,136          | 4,209         | 4,209          |
| <b>Payroll sub-total</b>      | <b>18,962</b> | <b>18,885</b>  | <b>18,821</b> | <b>18,748</b>  |
| Contracted out staffing costs | 879           | 879            | 699           | 699            |
|                               | <b>19,841</b> | <b>19,764</b>  | <b>19,520</b> | <b>19,447</b>  |
| Restructuring costs           |               |                |               |                |
| - Contractual                 | 386           | 386            | 281           | 281            |
| - Non-contractual             | 16            | 16             | -             | -              |
| <b>Total staff costs</b>      | <b>20,243</b> | <b>20,166</b>  | <b>19,801</b> | <b>19,728</b>  |

The corporation does not have any salary sacrifice arrangements in place.



**8 STAFF COSTS – GROUP AND COLLEGE (continued)**

**Key management personnel compensation**

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

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

|  | <b>2023<br/>No.</b> | <b>2022<br/>No.</b> |
|--|---------------------|---------------------|
| The number of key management personnel including the Accounting Officer was: | 3                   | 4                   |

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

|                      | <b>Key Management personnel</b> |                     | <b>Other Staff</b>  |                     |
|----------------------|---------------------------------|---------------------|---------------------|---------------------|
|                      | <b>2023<br/>No.</b>             | <b>2022<br/>No.</b> | <b>2023<br/>No.</b> | <b>2022<br/>No.</b> |
| £60,001 to £65,000   | -                               | -                   | 1                   | 4                   |
| £65,001 to £70,000   | -                               | -                   | 1                   | -                   |
| £70,001 to £75,000   | -                               | -                   | 1                   | -                   |
| £75,001 to £80,000   | -                               | -                   | -                   | 5                   |
| £80,001 to £85,000   | -                               | -                   | 6                   | 4                   |
| £85,001 to £90,000   | -                               | -                   | 4                   | 3                   |
| £95,001 to £100,000  | -                               | -                   | 1                   | 2                   |
| £100,001 to £105,000 | -                               | -                   | 1                   | -                   |
| £110,001 to £115,000 | -                               | 1                   | -                   | -                   |
| £120,001 to £125,000 | -                               | 1                   | -                   | -                   |
| £125,001 to £130,000 | 2                               | 1                   | -                   | -                   |
| £170,001 to £175,000 | -                               | -                   | -                   | -                   |
| £175,001 to £180,000 | 1                               | 1                   | -                   | -                   |
|                      | <b>3</b>                        | <b>4</b>            | <b>15</b>           | <b>18</b>           |

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

|                         | <b>2023<br/>£'000</b>  | <b>2022<br/>£'000</b>  |
|-------------------------|------------------------|------------------------|
| Basic Salary            | 418                    | 478                    |
| National Insurance      | 55                     | 63                     |
|                         | <hr/>                  | <hr/>                  |
|                         | 473                    | 541                    |
| Pension contributions   | 71                     | 69                     |
| <b>Total emoluments</b> | <hr/> <b>544</b> <hr/> | <hr/> <b>610</b> <hr/> |

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

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**8 STAFF COSTS – GROUP AND COLLEGE (continued)**

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

|                       | <b>2023</b>  | <b>2022</b>  |
|-----------------------|--------------|--------------|
|                       | <b>£'000</b> | <b>£'000</b> |
| Salaries              | 178          | 175          |
| Pension contributions | 26           | 26           |
| <b>Total</b>          | <b>204</b>   | <b>201</b>   |

The remuneration of the Accounting Officer was determined on 17 July 2018 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2023 included pay increases for other staff, performance against personal objectives; performance of the organisation; sector data on pay of accounting officers and benchmarking comparison to the broader market.

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

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

|  | <b>2023</b> | <b>2022</b> |
|--|-------------|-------------|
|  | <b>No</b>   | <b>No</b>   |
| Basic salary as a multiple of median basic salary of staff             | 5.0         | 5.4         |
| Total remuneration as a multiple of median total remuneration of staff | 4.5         | 4.8         |

**Members of the Corporation remuneration**

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

No expenses were paid to Governors (2022: £nil).

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

**9. OTHER OPERATING EXPENSES**

|                    | 2023           |                  | 2022           |                  |
|--------------------|----------------|------------------|----------------|------------------|
|                    | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Teaching costs     | 6,683          | 6,683            | 8,451          | 8,451            |
| Non teaching costs | 3,063          | 2,991            | 2,779          | 2,718            |
| Premises costs     | 3,968          | 3,770            | 2,645          | 2,504            |
| <b>Total</b>       | <b>13,714</b>  | <b>13,444</b>    | <b>13,875</b>  | <b>13,673</b>    |

|  | 2023           |                  | 2022           |                  |
|--|----------------|------------------|----------------|------------------|
|  | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| <b>Deficit is stated after charging:</b> |                |                  |                |                  |
| Auditors' remuneration:                  |                |                  |                |                  |
| Financial statements audit:              |                |                  |                |                  |
| - Audit of Group/ College                | 92             | 92               | 84             | 84               |
| - Audit of Subsidiaries                  | 9              | -                | 8              | -                |
| - Non-Audit Services                     | 10             | 10               | 27             | 27               |
| Internal audit                           | 26             | 26               | 24             | 24               |
| Operating lease rentals                  | 252            | 252              | 252            | 252              |

**10. INTEREST PAYABLE AND OTHER FINANCE COSTS**

|   | 2023           |                  | 2022           |                  |
|---|----------------|------------------|----------------|------------------|
|   | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Bank loans, overdrafts and other loans                  | 21             | 21               | 7              | 7                |
| Unwinding of discounts in relation to enhanced pensions | 56             | 56               | 34             | 34               |
| Net interest on defined pension liability (note 21)     | 160            | 160              | 569            | 569              |
|   | <b>237</b>     | <b>237</b>       | <b>610</b>     | <b>610</b>       |

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

**11. INTANGIBLE FIXED ASSETS (GROUP AND COLLEGE)**

|                                    | Group and College                 |   |                |
|------------------------------------|-----------------------------------|---|----------------|
|                                    | Software & website costs<br>£'000 | Assets in the course of construction<br>£'000 | Total<br>£'000 |
| <b>Cost</b>                        |                                   |   |                |
| At 1 August 2022                   | 499                               | -   | 499            |
| Additions                          | 15                                | 120   | 135            |
| Disposals                          | (46)                              | -   | (46)           |
| <b>At 31 July 2023</b>             | <b>468</b>                        | <b>120</b>                                    | <b>588</b>     |
| <b>Amortisation</b>                |                                   |   |                |
| At 1 August 2022                   | 412                               | -   | 412            |
| Charge for year                    | 50                                | -   | 50             |
| Eliminated in respect of disposals | (46)                              | -   | (46)           |
| <b>At 31 July 2023</b>             | <b>416</b>                        | <b>-</b>                                      | <b>416</b>     |
| <b>Net book value</b>              |                                   |   |                |
| <b>At 31 July 2023</b>             | <b>52</b>                         | <b>120</b>                                    | <b>172</b>     |
| <b>Net book value</b>              |                                   |   |                |
| <b>At 31 July 2022</b>             | <b>87</b>                         | <b>-</b>                                      | <b>87</b>      |

**11. TANGIBLE FIXED ASSETS (GROUP)**

|                                    | Land & Buildings |               | Furniture & Equipment | Computer Equipment | Assets in the course of construction | Total          |
|------------------------------------|------------------|---------------|-----------------------|--------------------|--------------------------------------|----------------|
|                                    | Long             |               | £'000                 | £'000              | £'000                                | £'000          |
|                                    | Freehold         | Leasehold     |                       |                    |                                      |                |
|                                    | £'000            | £'000         | £'000                 | £'000              | £'000                                | £'000          |
| <b>Cost or Valuation</b>           |                  |               |                       |                    |                                      |                |
| At 1 August 2022                   | 94,109           | 11,857        | 2,671                 | 3,544              | 170                                  | 112,351        |
| Additions                          | 1,697            | 1,220         | 821                   | 439                | 5,015                                | 9,192          |
| Disposals                          | -                | -             | (53)                  | (357)              | -                                    | (410)          |
| <b>At 31 July 2023</b>             | <b>95,806</b>    | <b>13,077</b> | <b>3,439</b>          | <b>3,626</b>       | <b>5,185</b>                         | <b>121,133</b> |
| <b>Depreciation</b>                |                  |               |                       |                    |                                      |                |
| At 1 August 2022                   | 53,253           | -             | 1,124                 | 1,702              | -                                    | 56,079         |
| Charge for year                    | 1,639            | 393           | 272                   | 684                | -                                    | 2,988          |
| Eliminated in respect of disposals | -                | -             | (53)                  | (357)              | -                                    | (410)          |
| <b>At 31 July 2023</b>             | <b>54,892</b>    | <b>393</b>    | <b>1,343</b>          | <b>2,029</b>       | <b>-</b>                             | <b>58,657</b>  |
| <b>Net book value</b>              |                  |               |                       |                    |                                      |                |
| <b>At 31 July 2023</b>             | <b>40,914</b>    | <b>12,684</b> | <b>2,096</b>          | <b>1,597</b>       | <b>5,185</b>                         | <b>62,476</b>  |
| <b>Net book value</b>              |                  |               |                       |                    |                                      |                |
| <b>At 31 July 2022</b>             | <b>40,856</b>    | <b>11,857</b> | <b>1,547</b>          | <b>1,842</b>       | <b>170</b>                           | <b>56,272</b>  |

Included above is land with a value of £29,500,000 (2022: £29,500,000).

If the land was stated at the historical cost amount it would be included at a value of £4,956,000 (2022: £5,595,000).

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2023**

**11. TANGIBLE FIXED ASSETS (COLLEGE ONLY)**

|                                    | Land & Buildings |                | Furniture & Equipment | Computer Equipment | Assets in the course of construction | Total          |
|------------------------------------|------------------|----------------|-----------------------|--------------------|--------------------------------------|----------------|
|                                    | Freehold         | Long Leasehold |                       |                    |                                      |                |
|                                    | £'000            | £'000          | £'000                 | £'000              | £'000                                | £'000          |
| <b>Cost or Valuation</b>           |                  |                |                       |                    |                                      |                |
| At 1 August 2022                   | 76,743           | 11,857         | 2,205                 | 3,418              | 171                                  | 94,394         |
| Additions                          | 1,697            | 1,220          | 821                   | 439                | 5,015                                | 9,192          |
| Disposals                          | -                | -              | (53)                  | (357)              | -                                    | (410)          |
| <b>At 31 July 2023</b>             | <b>78,440</b>    | <b>13,077</b>  | <b>2,973</b>          | <b>3,500</b>       | <b>5,186</b>                         | <b>103,176</b> |
| <b>Depreciation</b>                |                  |                |                       |                    |                                      |                |
| At 1 August 2022                   | 44,662           | -              | 660                   | 1,574              | -                                    | 46,896         |
| Charge for year                    | 1,125            | 393            | 271                   | 684                | -                                    | 2,473          |
| Eliminated in respect of disposals | -                | -              | (53)                  | (357)              | -                                    | (410)          |
| <b>At 31 July 2023</b>             | <b>45,787</b>    | <b>393</b>     | <b>878</b>            | <b>1,901</b>       | <b>-</b>                             | <b>48,959</b>  |
| <b>Net book value</b>              |                  |                |                       |                    |                                      |                |
| <b>At 31 July 2023</b>             | <b>32,653</b>    | <b>12,684</b>  | <b>2,095</b>          | <b>1,599</b>       | <b>5,186</b>                         | <b>54,217</b>  |
| <b>Net book value</b>              |                  |                |                       |                    |                                      |                |
| <b>At 31 July 2022</b>             | <b>32,081</b>    | <b>11,857</b>  | <b>1,545</b>          | <b>1,844</b>       | <b>171</b>                           | <b>47,498</b>  |

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

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

Land and buildings with a net book value of £3,064k (2022: 3,703k) have been funded and inherited from local authority sources.

Included in the tangible fixed assets is £2,592k (2022: £2,794k) net book value for items funded by Government and European capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds to the Education and Skills Funding Agency or use them in accordance with the financial memorandum with the Education and Skills Funding Agency.

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

|                                      |                     |
|--------------------------------------|---------------------|
|                                      | <b>£'000</b>        |
| Cost                                 | 28,050              |
| Aggregate depreciation based on cost | 23,094              |
| Net book value based on cost         | <u><b>4,956</b></u> |

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**12. FIXED ASSET INVESTMENTS**

|   | 2023           |                  | 2022           |                  |
|---|----------------|------------------|----------------|------------------|
|   | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Shares in subsidiary undertakings       | -              | -                | -              | -                |
| Other assets in subsidiary undertakings | -              | 966              | -              | 1,089            |
|   | -              | <b>966</b>       | -              | <b>1,089</b>     |

The College has an interest in 3 companies namely, Newham Foundation, Learning Revolution Trust and The Fashion and Textile Museum.

- The registered office of Newham Foundation, Learning Revolution Trust and The Fashion and Textile Museum is Newham College of Further Education, East Ham Campus, High Street South, London E6 6ER.
- Newham Foundation is an educational/facilities provider charitable company limited by guarantee, incorporated in England and Wales, jointly controlled by the College (80%) and the London Borough of Newham (20%).
- Learning Revolution Trust is a company limited by guarantee without share capital, incorporated in England and Wales on 7 November 2011 and registered as a charity on 24 October 2012.
- The Fashion and Textile Museum is a company limited by guarantee without share capital and incorporated in England and Wales on 11 July 1996 but did not trade during the period of these accounts.

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

**NEWHAM COLLEGE OF FURTHER EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**13 TRADE DEBTORS AND OTHER RECEIVABLES**

|   | 2023           |                  | 2022           |                  |
|---|----------------|------------------|----------------|------------------|
|   | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Amounts falling due within one year:    |                |                  |                |                  |
| Trade debtors                           | 465            | 465              | 352            | 352              |
| Amounts owed by subsidiary undertakings | -              | 39               | -              | 12               |
| Prepayments and accrued income          | 1,372          | 1,372            | 960            | 960              |
| Amounts owed by ESFA                    | -              | -                | 20             | 20               |
| Other debtors                           | 3              | 4                | 4              | 4                |
| <b>Total</b>                            | <b>1,840</b>   | <b>1,880</b>     | <b>1,336</b>   | <b>1,348</b>     |

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2023           |                  | 2022           |                  |
|------------------------------------|----------------|------------------|----------------|------------------|
|                                    | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Bank loans and overdrafts          | 285            | 285              | 285            | 285              |
| Trade creditors                    | 1,595          | 1,580            | 893            | 878              |
| Other taxation and social security | 664            | 664              | 634            | 634              |
| Accruals and deferred income       | 5,790          | 5,790            | 6,174          | 6,174            |
| Government grants (capital)        | 1,719          | 1,301            | 1,102          | 684              |
| Other creditors                    | 1              | 1                | 5              | 5                |
| <b>Total</b>                       | <b>10,054</b>  | <b>9,621</b>     | <b>9,093</b>   | <b>8,661</b>     |

**15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

|                             | 2023           |                  | 2022           |                  |
|-----------------------------|----------------|------------------|----------------|------------------|
|                             | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| Bank loans                  | 475            | 475              | 759            | 759              |
| Government grants (capital) | 22,894         | 20,883           | 18,247         | 15,819           |
| <b>Total</b>                | <b>23,369</b>  | <b>21,358</b>    | <b>19,006</b>  | <b>16,578</b>    |

Government grants (capital) of £22,894k includes a grant of £13,539k which is included in fixed assets being 50% of the IoT assets capitalised in the year with the remaining 50% being recognised by QMU.

**16 MATURITY OF DEBT**

**Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

|                            | 2023           |                  | 2022           |                  |
|----------------------------|----------------|------------------|----------------|------------------|
|                            | Group<br>£'000 | College<br>£'000 | Group<br>£'000 | College<br>£'000 |
| In one year or less        | 248            | 248              | 285            | 285              |
| Between one and two years  | 418            | 418              | 495            | 495              |
| Between two and five years | 94             | 94               | 264            | 264              |
|                            | <b>760</b>     | <b>760</b>       | <b>1,044</b>   | <b>1,044</b>     |

Interest on the bank loan is charged at rates varying between 2.0% above bank prime rate and 6% fixed rate and the loan is repayable by instalments falling due between 1 August 2020 and 31 July 2027 totalling £760k, and is secured on a portion of the freehold land and buildings of the Group. The Salix loan is interest free.



**17 PROVISIONS FOR LIABILITIES**

|                                   | <b>Group and College</b>                             |  |                        |
|-----------------------------------|--|--|------------------------|
|                                   | <b>Defined<br/>benefit<br/>obligations<br/>£'000</b> | <b>Enhanced<br/>pensions<br/>£'000</b> | <b>Total<br/>£'000</b> |
| At August 2022                    | 3,793  | 1,697                                  | 5,490                  |
| Amount utilised                   | (4,891)  | (154)                                  | (5,045)                |
| Additional provisions in the year | 1,098  | -                                      | 1,098                  |
| Unwinding of discount             | -  | 56                                     | 56                     |
| Released unused provisions        | -  | (147)                                  | (147)                  |
| <b>At 31 July 2023</b>            | <b>-</b>   | <b>1,452</b>                           | <b>(8,432)</b>         |

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

The enhanced pension provision relates to the cost of staff who have already left the college's employ and commitments for reorganisation costs from which the college cannot reasonably withdraw at the balance sheet date. The provision has been calculated in accordance with guidance issued by the funding bodies.

|   |             |             |
|---|-------------|-------------|
| The principal assumptions for this calculation are: | <b>2023</b> | <b>2022</b> |
| Price Inflation                                     | 2.8%        | 2.9%        |
| Net interest rate                                   | 5.0%        | 3.3%        |

**NEWHAM COLLEGE OF FURTHER EDUCATION  
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**18 NOTES TO STATEMENT OF CASH FLOWS**

|   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
|   | <b>£'000</b>        | <b>£'000</b>        |
| <b>Surplus / (Deficit) after tax for the year</b>       | 1,841               | (640)               |
| Adjustment for:   |                     |                     |
| Depreciation  | 2,988               | 2,411               |
| Amortisation  | 50                  | 62                  |
| Investment income                                       | (181)               | (3)                 |
| Interest payable  | 21                  | 7                   |
| Decrease in provisions                                  | (244)               | (428)               |
| Pensions costs less contributions payable               | 1,049               | 2,943               |
|   | <hr/>               | <hr/>               |
| Operating cash flow before movements in working capital | 5,524               | 4,352               |
| (Increase) / decrease in debtors                        | (504)               | 203                 |
| (Decrease) / Increase in creditors                      | (1,498)             | 224                 |
| <b>Cash generated from operations</b>                   | <b><u>3,522</u></b> | <b><u>4,779</u></b> |

**19 CAPITAL COMMITMENTS**

|                                       | <b>Group and College</b> |              |
|---------------------------------------|--------------------------|--------------|
|                                       | <b>2023</b>              | <b>2022</b>  |
|                                       | <b>£'000</b>             | <b>£'000</b> |
| Commitments contracted for at 31 July | <u>3,093</u>             | <u>2,638</u> |

**20 COMMITMENTS UNDER OPERATING LEASES**

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

|   | <b>2023</b>  |                | <b>2022</b>  |                |
|---|--------------|----------------|--------------|----------------|
|   | <b>Group</b> | <b>College</b> | <b>Group</b> | <b>College</b> |
|   | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> | <b>£'000</b>   |
| <b>Payments due</b>                               |              |                |              |                |
| Not later than one year                           | 237          | 237            | 252          | 252            |
| Later than one year and not later than five years | 273          | 273            | 510          | 510            |
|   | <u>510</u>   | <u>510</u>     | <u>762</u>   | <u>762</u>     |

## 21 DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Pension Funds Authority. Both are multi-employer defined-benefit plans.

|  | <b>2023</b>  | <b>2022</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| <b>Total pension cost for the year</b>                       |              |              |
| Teachers' Pension Scheme: contributions paid                 | 1,281        | 1,125        |
| Local Government Pension Scheme:                             |              |              |
| Contributions paid   | 1,064        | 973          |
| FRS 102 (28) charge  | 735          | 2,077        |
| Charge to the Statement of Comprehensive Income              | 1,799        | 3,050        |
| Enhanced pension charge to Statement of Comprehensive Income | 56           | 34           |
| <b>Total Pension cost for Year within staff costs</b>        | <b>3,136</b> | <b>4,209</b> |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022. Contributions amounting to £1,281,000 (2022 £1,125,000) were payable to the scheme at 31 July and are included within creditors.

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion

**21 DEFINED BENEFITS OBLIGATIONS (continued)**

- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance))

As a result of the valuation, new employer contribution rates were set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024. The pension costs paid to TPS in year amounted to £1,281,000 (2022: £1,125,000)

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Pension Funds Authority. The total contributions made for the year ended 31 July 2023 were £1,501k, of which employer's contributions totalled £1,064k and employees' contributions totalled £437k. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

|                                | <b>At 31 July<br/>2023</b> | <b>At 31 July<br/>2022</b> |
|--------------------------------|----------------------------|----------------------------|
|                                | <b>% per annum</b>         | <b>% per annum</b>         |
| Price increases - RPI          | <b>2.80%</b>               | <b>2.80%</b>               |
| Price increases - CPI          | <b>0.35%</b>               | <b>0.35%</b>               |
| Salary increases 2016/17       | <b>1.00%</b>               | <b>1.00%</b>               |
| Salary increases after 2016/17 | <b>3.85%</b>               | <b>3.75%</b>               |
| Pension increases              | <b>2.85%</b>               | <b>2.75%</b>               |
| Discount rate                  | <b>5.15%</b>               | <b>3.40%</b>               |

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

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**21 DEFINED BENEFITS OBLIGATIONS (continued)**

The assumed life expectations on retirement age 65 are:

|                             | At 31 July<br>2023<br>Years | At 31 July<br>2022<br>Years |
|-----------------------------|-----------------------------|-----------------------------|
| <i>Retiring today</i>       |                             |                             |
| Males                       | 19.6                        | 21.1                        |
| Females                     | 23.0                        | 23.9                        |
| <i>Retiring in 20 years</i> |                             |                             |
| Males                       | 21.0                        | 22.5                        |
| Females                     | 24.5                        | 25.4                        |

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

|  | Fair Value of assets        |                             |
|--|-----------------------------|-----------------------------|
|  | At 31 July<br>2023<br>£'000 | At 31 July<br>2022<br>£'000 |
| Equity instruments                       | 32,209                      | 31,120                      |
| Gilts                                    | 11                          | 3,715                       |
| Property                                 | 5,564                       | 8,646                       |
| Cash                                     | 1,252                       | 2,770                       |
| Other (Alternative assets & Other Bonds) | 13,091                      | 6,765                       |
| Total fair value of plan assets          | <u>52,127</u>               | <u>53,016</u>               |
| Actual return on plan assets             | <u>934</u>                  | <u>3,468</u>                |

**The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pension benefits is as follows:**

|  | 2023<br>£'000   | 2022<br>£'000 |
|--|-----------------|---------------|
| Present value of the defined benefit obligation                | 41,879          | 56,319        |
| Fair value of Fund assets (bid value)                          | 52,127          | 53,016        |
| <b>(Net asset) / Liability</b>                                 | <b>(10,248)</b> | <b>3,303</b>  |
| Present value of unfunded obligations                          | 364             | 490           |
| Restriction to level of asset ceiling                          | 9,884           | -             |
| <b>Net (asset) / Liability recognised in the balance sheet</b> | <b>-</b>        | <b>3,793</b>  |

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

**21 DEFINED BENEFITS OBLIGATIONS (continued)**

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

|   | <b>2023</b>  | <b>2022</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| <b>Amounts included in staff costs</b>                    |              |              |
| Current service cost                                      | 2,002        | 3,397        |
| Net interest on the net defined benefit pension liability | 111          | 519          |
| Loss on curtailments                                      | -            | -            |
| <b>Total</b>  | <b>2,113</b> | <b>3,916</b> |

|  | <b>2023</b>   |
|--|---------------|
|  | <b>£'000</b>  |
| <b>Changes in the present value of defined benefit obligations</b> |               |
| <b>Defined benefit obligations at start of period</b>              | 56,809        |
| Current service cost   | 2,002         |
| Interest cost  | 1,903         |
| Contributions by scheme participants                               | 437           |
| Actuarial gains  | (14,511)      |
| Benefits paid  | (2,114)       |
| Change in demographic assumptions                                  | (2,843)       |
| Experience loss/(gain) on defined benefit obligation               | 595           |
| Unfunded pension payments  | (35)          |
| <b>Defined benefit obligations at end of period</b>                | <b>42,243</b> |

|   |               |
|---|---------------|
| <b>Changes in fair value of plan assets</b>   |               |
| <b>Fair value of plan assets at start of period</b>                                 | 53,016        |
| Interest income   | 1,792         |
| Other actuarial losses  | (1,126)       |
| Return on plan assets (excluding net interest on the net defined benefit liability) | (858)         |
| Employer contributions  | 1,064         |
| Contributions by scheme participants  | 437           |
| Benefits paid   | (2,149)       |
| <b>Fair value of plan assets at end of period</b>                                   | <b>52,176</b> |

**22 RELATED PARTY TRANSACTIONS**

There have been no related party transactions in the year.

Key management compensation disclosure is given in note 8.

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

**23 AMOUNTS DISBURSED AS AGENT-LEARNER SUPPORT FUNDS**

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

|   | <b>2023</b>  | <b>2022</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Funding body grants - 16 - 19 bursary             | 256          | 251          |
| Funding body grants - childcare                   | 33           | 47           |
| Interest earned                                   | 2            | 2            |
|   | <u>291</u>   | <u>300</u>   |
| Disbursed to students                             | (276)        | (281)        |
| Administration costs                              | (13)         | (15)         |
| Balance unspent at 31 July, included in creditors | <u>2</u>     | <u>4</u>     |

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

**24 EVENTS AFTER THE REPORTING PERIOD**

There are no events after the reporting period.

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

**Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 20 September 2022 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Newham College of Further Education during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Basis for conclusion**

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

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

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

**Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with



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the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

**Use of our report**

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

*RSM UK Audit LLP*

**RSM UK AUDIT LLP**  
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25 Farringdon Street  
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15th December 2023