ADA NATIONAL COLLEGE FOR DIGITAL SKILLS

Report and Financial Statements

for the year ended 31 July 2022

Key Management Personnel, Members of the Corporation and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2021/22:

Mark Smith, Principal and CEO (Accounting Officer)

Tom Fogden, Dean

Members of the Corporation

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

Jacky Geary acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Buzzacott LLP

130 Wood Street

London

EC2V 6DL

Bankers:

Lloyds Bank

25 Gresham Street

London

EC2V 7HN

Principal address and registered office:

Unit 5

Fountayne Business Centre

Broad Lane

London

N15 4AG

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Strategic Report

1. OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Ada National College for Digital Skills for the year ended 31 July 2022.

1.1 Legal status

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

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

1.2.1 Mission

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

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

1.2.2 Strategy and Objectives

In 2021/22, the College made the decision to extend the original five-year strategic plan by an additional year due to the impact of the covid pandemic.

The objectives and goals of this plan were to:

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

The College's Board and leadership team have been working on a new strategic plan to being in Autumn 2022 through to December 2025

1.2.3 Implementation of strategic plan

The College's specific strategies for 2021/22 to achieve these objectives were:

- Continue to establish the College as a centre of excellence for the teaching and learning of advanced digital skills with its key stakeholders – learners, potential learner, parents/carers, employer partners and Government.

  We know we are a centre of excellence through ensuring consistently high-quality teaching and learning in computer science and related subjects as well as through exceptionally pastoral support and advice and guidance, in particular in our Higher-Level Apprenticeship programme in Software Development, Digital Innovation and Data Analytics. We are delighted to have successfully launched our Higher-Level Apprenticeship programme in the Greater Manchester area and have seen significant growth and demand for these apprenticeships that mean we are on track to establish Greater Manchester as a second hub campus in the coming years based on expected learner volume growth.

- Be a beacon of best practice in employment-focused provision

Following another strong set of academic results, Ada is now recognised as one of the top institutions in the country for its Computing BTEC qualification and as performing significantly above sector averages for its End Point Achievement rates for its Higher Level and Degree Apprenticeship programmes. 70% of 6th form students achieved a Distinction or Distinction* grade in their BTEC. 43% of our Digital Degree Apprentices achieved a first-class degree validated by the Open University.

Once again, a number of our 6th form students were short-listed for Pearson's Digital Learner of the Year award and one received the silver award. 2 apprentices were short-listed for the British Computing Society's Digital Apprentice of the Year award. We continued our strong working relationship with UCL's Computing Education Department as well as that at Kings College London hosting 3 of their PGCSE Computer Science teachers for placements to help them improve their computing education pedagogy.

We surveyed Ada alumni this year. While we continue to follow up to get updated progression data for all our alumni, of the 40% that replied with 48 hours, we know 97% are in permanent employment or Higher Education. 90% of these respondents are either working in advanced digital skillset roles or studying to improve these skillsets even further.

Our 6th form students continued to be involved in industry projects with organisations such as Salesforce and King Games, receive coaching from volunteers from the tech industry and participate with events such as a 'Hackathon' with Deloitte. 6th form teaching has returned to fully face-to-face other than a week or two in December 2021 when we had to revert to virtual learning due to the impact of the Omicron variant.

Teaching and learning for our apprentices has moved to a hybrid delivery model following an evaluation of apprentice and employer feedback during the enforced period of fully virtual learning due to the pandemic. Apprentice feedback has average 3.9/5 across all modules for the year. Our goal is 4.0 so sustained improvement is needed but with attendance at 95%, we believe this hybrid delivery model is the right way forward for our post-18 apprentices, though we continue to experiment with different blends of in-person and remote delivery. No apprentices were made redundant due to the pandemic.

We enrolled two cohorts of apprentices in Autumn 2021 and Spring 2022. Both of these involved remote enrolments again though we plan to revert to in-person enrolments for Autumn 2022. Learners volumes remained comparatively low compared to pre-pandemic levels due to the extended effects of the pandemic caused by the omicron variant but look set to rebound strongly in Autumn 2022 across both Greater London and Manchester. Autumn 2022 saw us enrol 35 apprentices in our Greater Manchester training space provided courtesy of significant pro bono support from Bruntwood Property Management group with Capita training the bulk of the apprentices as a new employer partner who have already committed to another cohort in future years. Our Tech Consultant Degree apprenticeship continued to be particularly popular in London with employers such as Salesforce and Deloitte and we trained a good number of software developer specific apprentices for a number of new health tech and fintech companies in spring 2022.

Overall, the College responded strongly to the challenges of the pandemic with no pause in the delivery of effective teaching and learning to all our learners. The College utilised the Workplace platform and Google Enterprise Suite for Education to good effect to maintain effective staff collaboration as well as remote delivery using Google Meet, Google Drive and Google Classroom. As the pandemic has receded and we settle back into BAU with an updated delivery model and growing multi-region presence we will need to ensure that our structures, systems and processes remain fit for purpose and able to support further learner growth in years to come in line with our strategic plan.

- Being an Aspirational Alternative to University.

The College continued to deliver its two Foundation Degree Programmes to meet the off-the-job learning requirements of its Level 4 Apprenticeships alongside the Digital and Technology Solutions Integrated Degree Apprenticeship. Many of Ada's 6th form students have successfully gained places on these programmes with prestigious employer partners as well as other recent school leavers joining these aspirational alternatives to university.

The College continued to deliver a wide-ranging outreach programme to other schools and college, albeit virtually, to raise awareness of the benefits of higher level and degree digital apprenticeships and the types of skills sets and mindsets needed to secure and be successful in these roles.

The College also continued to deliver a number of short course programmes and is particularly grateful to the Salesforce Foundation for providing a major grant to support the scaling up of this activity in 2022/23.

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

We are pleased to report our focus on diversity recruitment has continued to be successful. Across the College 43% of our learners across the College came from low-income backgrounds. We are now working with 10 industry partners to support their diversity recruitment campaigns for apprentices. Our ambition is to work with all our partners to support them to recruit diverse entry-level tech talent. We know that when we can work closely with employers then it is likely that >50% will come from low-income backgrounds.

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

29% of our learners are young women and specifically, 37% of our new apprentices. The industry benchmark is 19%. We continue to work hard to meet our diversity goals, particularly attracting more young women into the 6th form through the work of our Outreach Team who have delivered workshops, seminars and careers sessions in over 100 schools in Greater London and the Home Counties. The College hopes to use its newly developed short courses and a more targeted outreach strategy to continue to drive improvements in overall learner volumes and the percentage that are young women in 2022 / 23.

1.2.4 10 Year Business Plan

In June 2020, the new Minister for Skills, Gillian Keegan asked the College to articulate a new 10-year business plan that would see the College realise its full 'national' remit.

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

1) Closes the UK's digital skills gap, providing a sustainable pipeline of high quality, diverse talent that supports the growth of the UK's tech industry.

2) Acts as a platform for social mobility, bridging the gap between education and employment for those from disadvantaged backgrounds and that benefit the least from the positive disruption caused by technology.

3) Drives greater representation in tech across gender and ethnicity

The goals set for the College, included:

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

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

1) Expand and optimise Ada's core through a digitally enabled blended learning model, increasing reach, capacity and efficiency, access existing regional infrastructure (e.g. other FE facilities and industry offices) and build a network of regional hubs.

2) Scale and Develop Teacher Training to provide a diverse pipeline of talent for the College's ` expanding regional and for other FE colleges.

3) Partnering with other FE colleges and social mobility focused organisations to offer upskilling courses (Traineeships, short courses and boot camps).

4) Partner with other FE colleges to licence our proprietary assets (e.g. curriculum and teaching methods).

1.2.5 Capital Project

The College is delighted to have finally agreed on a proposed long-term hub campus at 1, Sutherland Street in Pimlico in central London. The building is a former University Technical College (UTC) that is closing down. The DfE and GLA combined have committed to supporting the College with a light refurbishment to make it fit for purpose for occupation and use from September 2023. Ada's operations and capital projects team continue to work with the DfE's capital project management team to work through the contractor procurement processes and hope to appoint a contractor and have them on site in early 2023. At present this project is on track.

In the interim, the College continues to operate in Tottenham Hale premises on Broad Lane as it has done since 2016. The College has again had to take on the financial commitment of paying the lease annually as the initial 5-year term agreed with Haringey for payment of the lease has expired and the Department for Education have not been willing to step in to support the College. In addition, Ada continues to pay a significantly below market rate lease cost for its Vallance Road building that runs to 2024, as well as minimal service costs, to allow it to deliver in-person teaching and learning for its apprenticeship provision as there is no longer sufficient teaching space in our Tottenham Hale campus

The college also has a 24-month lease agreement with Bruntwood Property Management for a small training space (c. 650sqm) in Manchester Technology Centre to act as it's temporary campus in the North West. This runs from March 2022 to March 2024. The 24-month period is rent free and Ada pays service and utilities charges for the space.

Ada continues to explore options for a longer-term campus in Manchester as demand from employers for our training and focus on diversity recruitment grows. A recent commitment from PwC to train a significant number of technical apprentices (60+) in the North West with Ada in Autumn 2022 has aided the scenario planning process. The College has entered into discussions with the DfE about a building they own the 999-year lease on in the Ancoats area of the city. The building used to be a studio school that has now closed (similar to the UTC in London). The capital projects team have viewed the building and believe it is fit for purpose for our apprenticeship and short course programmes, which make up all of current programmes in the region and would provide capacity for further learner growth in years to come.

Alongside this, Ada is working with Salford University and a number of local FE Colleges, as a consortium, to bid to become Greater Manchester's Institute of Technology (a specific Government programme). The consortium has been successful in the initial application stage and has received a small amount of grant funding to complete RIBA stage 1 and 2 reports on the building in Ancoats, with the support of the DfE, which have informed our understanding of the financing required to refurbish the building. We are also considering the ongoing operating costs of the building, which is similar in size to our current Broad Lane property in Tottenham Hale. If the consortium IoT bid is successful then Ada would secure some capital funding to support the light refurbishment of the 16, Blossom Street building.

The College's leadership team and Finance & Resources committee are exploring options about how the College might be able to successfully take on this new building, which would help establish Ada in the North West region but does present a significant additional financial commitment.

1.3 Resources

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

1.3.1 People

During 2021-22 the Group employed 52 staff. Most are teaching staff with some staff fulfilling both teaching and operational roles. Some staff work on a part-time or fixed term basis and a number now work more flexibility with some days at the College's premises and some days working at home. The College continues to face significant challenges recruiting staff to key teaching and operational roles and is reviewing its employee benefits package and other options for attracting and retaining high-performing team members.

1.3.2 Learner volumes

The College had 167 students in the sixth form in August 2021 in total. Of this number 59 joined the 6th form in August 2021. The College received funding for 268 apprentices in the 21/22 year across its level 4 and 6 programmes. 230 were based in London and 38 were based in Manchester.

1.3.2 Tangible Assets

Tangible resources include the Broad Lane site and the Whitechapel premises. At 31 July 2022, the Group had cash balances of £1,165,689.

1.3.3 Reputation

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

The College received a 'Good with Outstanding Features' Ofsted rating in October 2018 and had a positive monitoring visit from Ofsted in December 2020 to learn more about how we were dealing with the pandemic. Both reports are available on the Ofsted website. The College worked with NCG College Group to conduct a peer assessment process in June 2022 to help identify areas for further improvement in the quality of our teaching, learning and assessment.

1.4 Stakeholders

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

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

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

1.5 Public Benefit

Ada National College for Digital Skills is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Members of the Corporation, who are trustees of the charity, are disclosed on pages 15 and 16.

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

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

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

2. DEVELOPMENT AND PERFORMANCE

2.1 Financial results

The Group incurred a deficit and total comprehensive expenditure of (£483,970) for the year (2021 - a deficit of £2,065). The college has had to pay lease costs of £200,000 per annum on our Broad Lane site from December 2020 which impacts on the college's ability to retain reserves. These costs were previously covered by the Department for Education. The College generated £826,756 of fundraising income during the year from donors including Salesforce, Bank of America, King and high net worth individuals as well donated services from Bruntwood for our premises in Manchester.

The Group has accumulated reserves of £1,509,314 (2021: £1,993,282), which includes cash and short-term investment balances of £1,165,689 (2021: £1,858,099). The Group wishes to continue to accumulate reserves and cash balances but recognises that this will be difficult in the current environment. As a result, the Corporation has concluded that there are material uncertainties around the Groups ability to continue as a Going Concern. Further details of this are provided in section 7.

Tangible fixed asset additions during the year amounted to £111,970 including furniture and fittings for its campuses and new laptops.

The Group relies significantly on the education sector funding bodies for its principal income source. In 2021/22 the FE funding bodies provided circa 73% of the Group's total income, with the balance raised through philanthropy and other grant based income.

2.2 Cash flows and liquidity

There was a net cash outflow of £691,411 in the year.

The College repaid the outstanding balance of £280,000 of a working capital loan owed to the DfE plus the accrued interest of £53k in the year. The College currently has no debt.

2.3 Group Companies

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

3. FUTURE PROSPECTS

3.1 Future Developments

The College currently occupies two sites in London and one in Manchester. In June 2023 the College will begin the transition into its permanent London hub campus in time for the new academic year. The College's capital projects team, working with the DfE who are project managing the Refurbishment of the building and relocation of Ada from its current premises, is planning the decant from our existing buildings and the winding up of our current leases. As outlined, the College continues to consider longer-term property arrangements in Greater Manchester as well to permanently establish a campus in the region.

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

The College continues to work closely with a very wide range of industry partners from large corporates to SMEs and start-ups in a wide variety of ways. The College has worked closely with the Impetus Foundation since January 2022 to improve its focus on outreach and effective business development and will launch more targeted strategies in these areas in Autumn 2022. We continue to explore new apprenticeship standards as well and are testing demand with employers with a view to rolling out at least one new apprenticeship programme in the next 12 months.

The College also plans to launch a capital campaign to raise philanthropic sponsorship and support for its new buildings.

3.2 Financial Plan

The Board approved a financial plan in July 2022 which sets objectives for the period to 2025. The budget for the period ending July 2023 anticipates a deficit of circa £485k. This is driven primarily by the College having to pay lease costs on the Tottenham Hale site which had previously been covered by the Department for Education as well as a plan to invest in staffing to help achieve growth ambitions.

At the time of writing the Department for Education has indicated that it may provide some support towards the lease costs, but this is not yet confirmed.

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

3.3 Treasury policies and objectives

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

The College has a separate treasury management policy in place.

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

3.4 Reserves policy

The Group recognises the importance of reserves in the financial stability of any organisation and aims to ensure that there are adequate reserves to support the College's core activities. The Group has adopted a Reserves Policy of retaining three months' worth of operating expenditure (circa £750k based on 2021-22 expenditure). The Group's reserves include £742,828 held as restricted revenue reserves. As at the balance sheet date the unrestricted Income and Expenditure reserve was in surplus by £766,486 (2021: £1,280,685 surplus). The Group recognises that reserves are depleting and that the 2022-23 budget is predicting a deficit. We will look at ways to increase reserves in the short and longer term, including further fundraising. The Group also recognises that the unrestricted reserves for the College are in deficit by £79k due to surpluses being accumulated in the subsidiary NCDS Ltd at the expense of the college. This position will be addressed and rectified in the coming financial year.

4. PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation. The College appointed Haines Watts as a new internal auditor and a programme of internal audit reviews has been proposed and agreed by the audit committee.

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

College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

1. **Finding a suitable alternative permanent home for the College**

   In London, the college currently operates from leased accommodation. The Broad Lane lease expires in December 2023. The Whitechapel building used for Apprenticeship provision has a five-year lease running to April 2024. The College's long-term strategy for London is to house both the Sixth form provision and the Apprenticeship programme in one building to support growth, minimise costs and maximise cross programme working.

   The College, working with the DfE has identified a proposed building in Pimlico and is in the advanced stages of finalising a contractor to refurbish the building to suit the College's requirements. However, until the Department for Education enters into a contract with the contractor to complete the works, we cannot be sure that the Ada will definitely be able to take on the building so the risk remains significant, especially given the wider macro-economic turmoil at present.

2. **Maintaining the financial viability of the College**

   The College maintains a reasonable cash balance at present and remains financially viable through a cautious approach to cost management during the pandemic due to the uncertain economic climate that the Board and leadership team identified might impact significantly on our apprenticeship learner volumes. However, the pandemic has impacted learner volumes and, while the College looks set to rebound with stronger learner volumes in 2022/23 the lagged funding from the ESFA means the impact of reduced learner volumes in 20/21 & 21/22 will be felt for the next two financial years. The College continues to monitor costs closely and runs a lean operating model but needs to build capacity so that it can grow learner volumes and make a success of the move to our new hub campus in London and continue to grow its programmes in the North West. There are a number of measures in place to manage this risk including:

   - Rigorous budget setting procedures and sensitivity analysis;
   - Regular in year budget monitoring which is now shared with the Board
   - Robust financial controls
   - Seeking to employ additional fundraising and business development resource
   - Exploring ongoing procurement efficiencies

3. **Achieving year on year volume targets for learner volumes**

   The Board and leadership team have identified the need for significant, incremental year-on-year growth in learner volumes to get the College to 900+ learners as soon as possible. Not achieving volume targets impacts on income, growth plans and financial sustainability. This risk is mitigated by setting and reporting on KPI targets. Also, in December 2021 we hired a new, experienced Head of Business Development to work with the CEO and our apprenticeship relationship managers and North West Regional Director to drive further growth in our apprenticeship volumes

4. **Attracting and retaining high quality staff**

As a consequence of the pandemic, the increased cost of living and informing staff of our proposed relocation to Victoria from Tottenham Hale and Whitechapel in London, we have seen an increase in staff turnover. At the same time, we have conducted a pay & rewards benchmarking exercise again other Colleges, schools, universities and private training providers, which has highlighted some of the challenges we face in offering competitive remuneration packages.

Steps we have taken to combat these challenges include:

- Allowing a more flexible working model for some staff where this is possible. The Board has agreed to a 3% pay increase in August 2022, our highest ever
- ELT have agreed to implement a number of small rewards - e.g. staff referral reward
- Improving regular line manager training and support so they can better support their staff and help them feel a strong sense of achievement and purpose in their roles

5. PERFORMANCE INDICATORS

5.1 Student numbers

In 2021/22 the College has delivered activity that has produced £1,133,409 in ESFA 16-19 funding and £1,463,300 in Apprenticeship related income. Student numbers in the year were 153 16-19 and 187 apprentices.

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

5.2 Student achievements

Learner achievements

In summer 2021, the College received its fifth set of 16-19 academic qualification results. These are summarised below:

- BTEC Computer Science performance: 100% pass rate. 72% at Distinction or Distinction* level. On average our students perform one grade above the national average for every module of their qualification. This makes us the highest performing education institution in the country for that qualification.
- A-Level performance: 30% of entries are A*-A (2019: 24%), 45% A*-B (2019: 37%), and 100% A*-E (2019: 98%)
- Overall 16-19 Qualification Achievement Rate (QARs) was 88%, Retention at 92% and Pass rate at 96%

Our Apprentices also continue to perform strongly in their module performance with 100% on course to achieve their Foundation or BSc. degree. 94% of our most recent graduating cohort achieved the Degree Apprenticeship with 43% achieving a 1st Class Degree, validated by the Open University. Due to a number of apprentices switching from a Level 4 to a Level 6 Apprenticeship standard and a number being hired into permanent roles before completing their apprenticeship, our retention and overall QARs dipped: Our retention rate was 72% and overall QAR 68%.

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

5.3 Self-Assessment Report

The College published its fifth Self-Assessment Report (SAR) in autumn 2021. The Education Committee scrutinises this report on an annual basis and now consists of greater education expertise increasing the rigour of our analysis and the quality of our improvement plans.

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

5.4 Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period 1 August 2021 to 31 July 2022, the College paid 75% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

6 EQUALITY AND DIVERSITY

6.1 Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions that place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College works hard to encourage applications from potential employees with disabilities and is committed to the principles of equal opportunities employment for all. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that, as far as possible, provide identical opportunities to those of non-disabled employees.

Following the Black Lives Matter campaign, the College consulted with staff and learners and formed the new Equality, Inclusion and Diversity Committee to increase our efforts in this regard with representatives from across the College, including students and apprentices. The Committee has developed and published an Equality, Inclusion and Diversity policy which is available to students, staff and on the College’s website. The College now conducts annual EDI surveys to identify strengths and areas for development in staff’s knowledge and expertise and facilitates training to support sustained improvement in awareness, understanding and expert practice.

6.2 Disability statement

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

- As part of its accommodation strategy the College ensured a full access audit.
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The College has invested in additional learning assistants to support students with learning difficulties and/or disabilities.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

6.3 Trade Union facility time

The College does not have trade union officials.

7 GOING CONCERN

The Group incurred a deficit and total comprehensive expenditure of (£438,970) for the year (2021 - a deficit of £2,065). The college has had to pay lease costs of £200,000 per annum on our Broad Lane site from December 2020 which impacts on the college's ability to retain reserves. These costs were previously covered by the Department for Education.

On a College basis, which excludes capital works and related funding as well as depreciation costs, the deficit for the period was £325,764. At 31 July 2022, the Group had net assets of £1,509,313 of which £439k related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in surplus by £625,485 at 31 July 2022. At the College level, the net assets were £317,086.

The Group cash position remains adequate with £1,165,689 at 31 July 2022 (2021: £1,858,098) and supports the aim of maintaining a minimum of 30 cash days.

The Corporation currently considers that the Group and the College has adequate resources to meet its liabilities as they fall due. For 2022/23, the Corporation has approved a budget deficit and there will be deficits over the next two years as the College looks to achieve its growth ambitions. However, the Group is projecting to maintain adequate cash balances throughout the year and up to December 2023.

After making appropriate enquiries, the Corporation believes that it is appropriate to continue to prepare these financial statements on a going concern basis but recognises there are material uncertainties that may affect its ability to continue as a going concern. These uncertainties are:

- Corporation reserves are being depleted and this will continue to be the case until we begin to achieve our growth ambitions;
- The fundraising environment remains unpredictable;
- A recession could impact negatively on apprenticeship numbers meaning income targets are not met;
- Uncertainty around the costs associated with taking on a new and bigger building in Victoria due to inflation and significant increases in utilities costs.

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

- Seeking further fundraising opportunities and developing its fundraising pipeline;
- Closely monitoring costs to identify and make efficiency savings where appropriate;
- Increasing student and apprentice learner volumes through targeted recruitment campaigns.

8 DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:

T. M. Hall

Tiffany Hall

Chair of the Corporation

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the Group and the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

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

During the year the Corporation agreed to adopt the Charity Commission Governance Code. In the opinion of the Members of Corporation, the Group has adopted the best practice with all the relevant provision of the code through the period to 31 July 2022. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

THE CORPORATION

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

Name	Category of Membership	Date of Initial Appointment or reappointment	Date Term ends *(resignation if earlier)*	Board Meetings for 2021 - 2022		Committees Served in 2021 - 2022				
				No. of meetings	Attendance Rate	A	E	BM	R	F&R
Tiffany Hall *(Chair)*	Independent	2.10.2019	1.10.2023	5	100%			✓	✓	✓
Nicholas Wilcock *(Chair of NCDS Ltd)*	Independent	9.8.2019	8.8.2023	4	80%				✓	✓
Chris Payne *(Vice Chair)*	Independent	9.8.2019	8.8.2023	5	100%				✓	✓
Annamarie Douglas	Independent	7.2.2018	6.7.2023	4	80%		✓			✓
Kym Andrew	Independent	9.8.2019	Resigned November 2021	0	0%					

Name	Category of Membership	Date of Initial Appointment or reappointment	Date Term ends *(resignation if earlier)*	Board Meetings for 2021 - 2022		Committees Served in 2021 - 2022				
				No. of meetings	Attendance Rate	A	E	BM	R	F&R
Olga Bonney-Glazik	Staff	1.8.2018	31.7.2022	3	60%					
Amali de Alwis	Independent	26.9.2018	24.9.2026	5	100%	✓		✓		
Dame Zarine Kharas	Independent	26.9.2018	24.9.2026	5	100%			✓		✓
Gillian Lancaster	Independent	1.1.2019	31.12.2026	4	80%	✓				
Mark Smith	Chief Executive Officer	1.9.2017	*Ex officio*	5	100%		✓	✓		✓
Kevin Walsh	Independent	9.8.2018	8.8.2024	2	40%			✓		
Tom Fogden	Independent	4.3.2020	3.3.2024	3	75%					✓
Lisa Kattenhorn	Independent	30.9.2020	29.9.2024	4	80%		✓			
Phil Kemp	Independent	30.3.2021	29.3.2025	4	80%					✓
Imran Razzaq	Independent	30.3.2021	29.3.2025	3	60%	✓				
Kathryn Skelton	Independent	24.5 2021	23.5.2025	4	80%		✓			
Steve Stanley	Independent	30.3.2022	29.3.2026	3	100%		✓			
Oscar Andjelic	Student	1.9.2021	31.8.2023	3	100%		✓			

Committees:

A = Audit BM = Board membership F&R = Finance and Resources Committee

E = Education R = Remuneration

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

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets up to six times a year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Education, Audit, Board Membership (formally Search), Finance and Resources and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website www.ada.ac.uk or from the Clerk to the Corporation at:

Clerk to the Corporation

Ada, National College for Digital Skills

Broad Lane

Tottenham Hale

London

N15 4AG

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

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Board Membership (formally Search) Committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for an initial term of office not exceeding four years, re-appointment for a second term of four years is subject to Board approval.

Corporation performance

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

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

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

Remuneration Committee

Throughout the period ended 31 July 2022, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, Clerk and other members of the Senior Leadership Team.

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

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

Details of remuneration for the period ended 31 July 2022 are set out in note 7 to the financial statements.

Audit Committee

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

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

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

Management is responsible for the implementation of agreed audit recommendations.

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

Board Membership (formally Search) Committee

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

Education Committee

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

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

Finance and Resources Committee

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

- The proposed three-year budget for 2021-22 to 2023-24 before it was submitted for Board approval;
- Management reports on financial performance and position, monitoring the College's actual financial performance compared with budgeted priorities and cash flow;
- People Management reports and updates on HR issues

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Group and College for the period ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the Groups' significant risks that has been in place for the period ended 31 July 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body

- regular reviews by the Corporation Members of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Internal Audit and risk management for 2021/22:

During the year, the College appointed Haines Watts as internal auditors for a period of 3 years. In the year Haines Watts looked at Financial Controls, Risk Management and student records covering Apprentices and 16-19 and compliance with ESFA funding regulations. The Internal Audit Annual report provided by Haines Watts to the Audit Committee concludes that the College has:

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

Apprenticeship regulatory compliance was identified as a high-risk area in 2020-21. Whilst some improvements have been made, some weaknesses remain and the College continues to address these.

The risk register was reviewed by the Audit Committee and the Board at each meeting. The College's risk management policy was reviewed and approved by the Audit Committee and this happens annually. The review of Risk Management undertaken by Internal Audit concluded that the framework and processes are adequate for a College of the size and maturity of Ada. Recommendations focussed on improvements that would meet best practice.

Review of effectiveness

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

- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal controls; and

- comments made by the College's financial statements and regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control mechanisms by the Audit Committee, which oversees the internal monitoring processes and procedures and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The College's SAR report embodies the College's annual self-reflection of its performance and its Continuous Improvement Plan (CIP) outlines the strategies for improvement that emerge from this reflection process.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:

T.M. Hall

Tiffany Hall

Chair of the Corporation

Mark Smith

Accounting Officer

Statement of Regularity, Propriety and Compliance

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

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are not able to identify any material irregular or improper use of funds by the Group and the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract with the ESFA.

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

Mark Smith

Accounting Officer

Date: 12 December 2022

T.M. Hall

Tiffany Hall

Chair of the Corporation

Date: 12 December 2022

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Funding Agreement with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Group and the College and the result for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Group and the College will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Agreement with the ESFA and any other conditions that may be prescribed from time to time.

Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:

T.M. Hall

Tiffany Hall

Chair of the Corporation

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

Opinion

We have audited the financial statements of Ada National College for Digital Skills (the 'College') and its subsidiary, National College for Digital Skills Limited, (the 'Group') for the period ended 31 July 2022 which comprise the group statement of comprehensive income, the group and parent college statement of changes in reserves, balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2022 and of the Group's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Material uncertainty related to going concern

We draw your attention to the accounting policy on page 37 of the financial statements regarding going concern. This policy sets out the material uncertainties related to going concern that are impacting the Group and College.

Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of this report

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 15 December 2022

Reporting accountant’s assurance report on regularity

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

In accordance with the terms of our engagement letter dated 3 June 2021 and further to the requirements and conditions of funding in ESFA’s grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Ada National College for Digital Skills during the year to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice (“the Code”) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Reporting accountant's assurance report on regularity (continued)

Approach (continued)

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

Conclusion

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 15 December 2022

Ada National College for Digital Skills

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ending 31 July 2022		Year ending 31 July 2021	
		Group	College	Group	College
		£	£	£	£
INCOME					
Funding body grants	2	2,646,628	2,646,628	2,504,082	2,504,082
Tuition fees and education contracts	3	1,138	1,138	106	106
Other grants and contracts	4	15,600	-	62,078	-
Other income		115,830	16,905	53,814	3,914
Investment income	5	148	102	218	173
Donations and Endowments	6	826,756	468,832	656,048	306,272
Total income		**3,606,100**	**3,133,605**	**3,276,346**	**2,814,547**
EXPENDITURE					
Staff costs	7	2,620,596	1,298,120	2,105,746	1,126,183
Other operating expenses	8	1,135,314	2,158,805	867,778	1,616,460
Depreciation	10	331,656	-	292,894	-
Interest and other finance costs		2,504	2,444	11,994	11,994
Total expenditure		**4,090,070**	**3,459,369**	**3,278,411**	**2,754,637**
Surplus/(deficit) before tax		**(483,970)**	**(325,764)**	**(2,065)**	**59,910**
Taxation	9	-	-	-	-
Total Comprehensive (expenditure) income for the year		**(483,970)**	**(325,764)**	**(2,065)**	**59,910**
Represented by:					
Restricted comprehensive (expenditure) income		**47,528**	**396,158**	**(293,378)**	**-**
Unrestricted comprehensive (expenditure) income		**(531,498)**	**(721,922)**	**291,313**	**59,910**
		(483,970)	**(325,764)**	**(2,065)**	**59,910**

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

Ada National College for Digital Skills

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Restricted reserves	Total
	£	£	£
Group			
Balance at 31 July 2020	**906,671**	**1,088,677**	**1,995,348**
Surplus/(deficit) from the income and expenditure account	291,313	(293,378)	(2,065)
Transfers between capital and income and expenditure reserves	100,000	(100,000)	-
Total comprehensive income for the period	391,313	(393,378)	(2,065)
Balance at 31 July 2021	**1,297,984**	**695,299**	**1,993,283**
Surplus/(deficit) from the income and expenditure account	(531,498)	47,528	(483,970)
Balance at 31 July 2022	**766,486**	**742,827**	**1,509,313**
College			
Balance at 31 July 2020	**582,941**	**-**	**582,941**
Surplus from the income and expenditure account	59,910	-	59,910
Total comprehensive income for the period	59,910	-	59,910
Balance at 31 July 2021	**642,851**	**-**	**642,851**
Surplus/(deficit) from the income and expenditure account	(721,922)	396,159	(325,763)
Total comprehensive income for the period	(721,922)	396,159	(325,763)
Balance at 31 July 2022	**(79,071)**	**396,159**	**317,088**

Ada National College for Digital Skills

Balance sheets as at 31 July

	Notes	2022		2021	
		Group	College	Group	College
		£	£	£	£
Non-current assets					
Tangible fixed assets	10	439,868	-	712,940	-
		439,868	**-**	**712,940**	**-**
Current assets					
Trade and other receivables	11	112,781	63,298	30,985	61,853
Cash and cash equivalents	13	1,165,689	677,902	1,858,099	1,605,005
		1,278,470	**741,200**	**1,889,084**	**1,666,858**
Creditors – amounts falling due within one year	12	(209,025)	(424,114)	(608,742)	(1,024,007)
Net current assets		**1,069,445**	**317,086**	**1,280,342**	**642,851**
Total assets less current liabilities		**1,509,313**	**317,086**	**1,993,282**	**642,851**
Total net assets		**1,509,313**	**317,086**	**1,993,282**	**642,851**
Restricted reserves	17				
Other restricted		439,404	396,158	35,463	-
Capital reserve		303,424	-	659,835	-
Total restricted reserves		**742,828**	**396,158**	**695,298**	-
Unrestricted reserves					
Income and expenditure account		766,486	(79,072)	1,297,984	642,851
Total unrestricted reserves		**766,486**	**(79,072)**	**1,297,984**	**642,851**
Total reserves		**1,509,314**	**317,086**	**1,993,282**	**642,851**

The financial statements on pages 33 to 49 were approved and authorised for issue by the Corporation on 12 December 2022 and were signed on its behalf on that date by:

T. M. Hall

Tiffany Hall

Chair of the Corporation

Mark Smith

Accounting Officer

Ada National College for Digital Skills

Consolidated Statement of Cash Flows for the year ended 31 July 2022

	Notes	Group 2022 £	Group 2021 £
Cash flow from operating activities			
Surplus/(deficit) for the period		(483,970)	(2,065)
Adjustment for non-cash items			
Depreciation		331,656	292,894
Decrease in debtors		(81,796)	13,462
Increase in creditors due within one year		(319,717)	(441,347)
Adjustment for investing or financing activities			
Investment income		148	218
Interest on loan		2,388	11,994
Loss on sale of fixed assets		53,386	
Net cash flow used in operating activities		(497,905)	(124,844)
Cash flows used in investing activities			
Investment income		(148)	(218)
Payments made to acquire fixed assets		(111,970)	(153,432)
		(112,118)	(153,650)
Cash flows used in financing activities			
Interest accrued on loans		(2,388)	(11,994)
Repayment of unsecured loan		(80,000)	
		(82,388)	(11,994)
(Decrease) increase in cash and cash equivalents in the year)		**(692,411)**	**(290,488)**
Cash and cash equivalents at beginning of the period	14	1,858,099	2,148,586
Cash and cash equivalents at end of the period	14	**1,165,688**	**1,858,099**

Ada National College for Digital Skills

Notes to the financial statements

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP),* the *College Accounts Direction for 2021 to 2022* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, National College for Digital Skills Limited, controlled by the parent. Control is achieved where the parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All financial statements are made up to 31 July 2022.

Going concern

The Group incurred a deficit and total comprehensive expenditure of £483,970 for the year (2021 - a deficit of £2,065). The need to continue to pay lease costs on our Broad Lane site and lower than anticipated apprenticeship numbers are key drivers in the deficit as well as fundraising not being as successful as in previous years

On a College basis, which excludes the capital works and related funding as well as depreciation costs, the deficit for the period was £325,764. At 31 July 2022, the Group had net assets of £1,509,313 of which £439k related to the net book value of fixed assets. Excluding restricted reserves, the Group's free reserves were in surplus by £625,485 at 31 July 2022.

The College's cash position remains adequate with £1,165,689 at 31 July 2022 (2021: £1,858,098) and supports the aim of maintaining a minimum of 30 cash days.

The Corporation currently considers that the Group and the College has adequate resources to meet its liabilities as they fall due. For 2022/23, the Corporation has approved a budget deficit and there will be deficits over the next two years as the College looks to achieve its growth ambitions. However, the Group forecasts to maintain adequate cash balances throughout the year and up to December 2023.

After making appropriate enquiries, the Corporation believes that it is appropriate to continue to prepare these financial statements on a going concern basis, but recognises there are material uncertainties that may affect its ability to continue as a going concern. These uncertainties are set out in the Going Concern statement in section 7 of the Strategic Report.

Recognition of income

Revenue grant funding

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

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

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

Capital grant funding

Government capital grants are recognised in income when the Group and College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

Investment income

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Aviva pension scheme

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Group and the College. Any unused benefits are accrued and measured as the additional amount the Group and the College expects to pay as a result of the unused entitlement.

Non-current Assets - Tangible fixed assets

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

Buildings

Refurbishment costs for the Broad Lane and Whitechapel buildings (occupied from September 2016 and April 2019 respectively) are depreciated over the remaining duration of the lease. The Broad Lane lease has been extended by a further 3 years to December 2023 and the net book value of refurbishment costs have been depreciated over the extended lease period. The Whitechapel lease ends April 2024 with a break clause in April 2022.

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

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

Borrowing costs

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

Cash and cash equivalents

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

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

Taxation

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

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

Taxation

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

2 Funding body grants	**Year ended 31 July**		**Period ended 31 July**	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£	**£**	**£**	**£**
Recurrent grants				
Education and Skills Funding Agency – 16 -19	1,133,409	1,133,409	953,880	953,880
Education and Skills Funding Agency - apprenticeships	1,463,300	1,463,300	1,509,151	1,509,151
Specific grants				
Teacher Pension Scheme contribution grant	49,918	49,918	41,052	41,052
Total	**2,646,627**	**2,646,627**	**2,504,083**	**2,504,083**

3 Tuition fees and education contracts	**Year ended 31 July**		**Period ended 31 July**	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£	**£**	**£**	**£**
Total: Education contracts	**1,138**	**1,138**	**106**	**106**

4 Other grants and contracts

	Year ended 31 July		Period ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£	£	£	£
Grant Funding	15,600	-	62,078	-
Total	**15,600**	**-**	**62,078**	**-**

5 Investment income

	Year ended 31 July		Period ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£	£	£	£
Interest receivable	148	102	218	173
Total	**148**	**102**	**218**	**173**

6 Donations and endowments

	Year ended 31 July		Period ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£	£	£	£
Unrestricted donations	307,396	72,674	306,272	306,272
Restricted donations	429,158	396,158	317,156	
Donated services	90,200	-	32,620	
Total	**826,756**	**468,832**	**656,048**	**306,272**

7 Staff costs

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

	2022		2021	
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	20	20	18	17
Non-teaching staff	32	1	24	
	52	**21**	**42**	**17**

7 Staff costs (continued)

Staff costs for the above persons

	2022	2022	2021	2021
	Group	College	Group	College
	£	£	£	£
Wages and salaries	1,953,510	889,510	1,576,038	798,593
Social security costs	215,527	101,426	168,060	89,326
Other pension costs (note 16)	248,501	158,422	203,392	135,707
Payroll sub total	**2,417,538**	**1,149,358**	**1,947,490**	**1,023,626**
Contracted out staffing services	203,057	148,762	158,257	102,557
Total Staff costs	**2,620,595**	**1,298,120**	**2,105,746**	**1,126,183**

Key management personnel

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

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

	2022	2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	**2**	**2**

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

	Group			
	2022		2021	
	Key management personnel	Other staff	Key management personnel	Other staff
	No.	No.	No.	No.
£55,001 to £60,000 p.a.	1		-	-
£60,001 to £65,000 p.a		1	2	-
£65,001 to £70,000 p.a		1		
£80,001 to £85,000 p.a	1	-		
	2	2	**2**	**-**

The above disclosures relate to amounts received in the year. If grossed up to their full time equivalent, or receiving remuneration for maternity, paternity or sickness leave at their usual rate of pay, one member of key management personnel would have been paid in the £75,001-£80,000 banding in 2021-22 and one would have been paid in the £80,001-£85,000 banding (2021: no change). One additional other staff would have received over £60,000 if grossed up and would have been paid in the £60,001 to £65,000 banding in 2021-22.

7 Staff costs (continued)

Key management personnel compensation is made up as follows:

	Group	
	2022	**2021**
	£	**£**
Salaries	142,586	155,000
Employers' National Insurance	17,747	18,960
	160,333	**173,960**
Pension contributions	33,764	36,704
Total key management personnel compensation	**194,097**	**210,664**

Total key management personnel includes £194,097 (2021: £210,664) in respect of the College. Figures are lower than previous year due to one member of key management personnel taking a 3 month sabbatical during the year.

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

	Group	
	2022	**2021**
	£	**£**
Salaries	84,500	80,000
Employers' National Insurance	10,743	9,820
	95,243	**89,820**
Pension contributions	20,010	18,945

7 Staff costs (continued)

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

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

Relationship of Chief Executive pay and remuneration expressed as a multiple	**2022**	**2021**
Chief Executives' basic salary as a multiple of the median of all staff	2.26	2.2
Chief Executives' total remuneration as a multiple of the median of all staff	2.52	2.3

8 Other operating expenses

	Year ended 31 July		**Period ended 31 July**	
	2022		**2021**	
	Group	**College**	**Group**	**College**
	£	**£**	**£**	**£**
Teaching costs	172,684	147,041	183,843	160,218
Non-teaching costs^	474,958	2,010,672	339,302	1,456,242
Premises costs	487,672	1,092	344,633	-
Total	**1,135,314**	**2,158,805**	**867,778**	**1,616,460**

^Includes £90,200 of donated services (2021: £32,620)

Other operating expenses include:	**2022**	**2021**
	£	**£**
Auditors' remuneration:		
Financial statements audit*	22,254	18,594
Internal audit	16,890	-
Rental of building under operating leases	275,000	75,000
Losses on disposal of fixed assets	53,386	-

*Includes £14,166 in respect of the College (2021: £10,962)

9 Taxation

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

10. Tangible fixed assets (Group)

	Leasehold land and buildings	Office & IT Equipment and Software	Furniture & Fittings	Total
Cost	£	£	£	£
At 1 August 2021	3,367,857	735,147	311,453	4,414,457
Additions	-	92,976	18,994	111,970
Disposals	-	(69,361)		(69,361)
At 31 July 2022	3,367,857	758,762	330,446	4,457,066
Depreciation				
At 1 August 2021	2,873,498	639,486	188,534	3,701,518
Provided in the year	205,032	71,675	54,946	331,654
Disposals	-	(15,974)		(15,974)
At 31 July 2022	3,078,530	695,187	243,480	4,017,197
Net Book Value at 31 July 2022	**289,327**	**63,574**	**86,966**	**439,868**
Net Book Value at 31 July 2021	**494,359**	**95,661**	**122,920**	**712,940**

11 Trade and other receivables

	Period ended 31 July		Period ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£	£	£	£
Trade receivables	(3,813)	1,444	27,954	
Prepayments and accrued income	116,595	-	3,031	-
Amounts due from subsidiary undertakings	-	61,853	-	61,853
Total	**112,781**	**63,298**	**30,985**	**61,853**

12 Creditors: amounts falling due within one year

	Period ended 31 July		Period ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£	£	£	£
Trade payables	46,503	16,467	59,301	17,794
Other taxation and social security	58,130	29,203	46,483	24,396
Accruals	40,663	14,886	82,159	64,269
Department for Education Loan Facility	-	-	280,000	280,000
Amounts due to subsidiary undertakings	-	301,533	-	571,938
Deferred Income	-	-	67,500	
Other creditors	63,729	62,025	73,300	65,610
Total	**209,025**	**424,114**	**608,743**	**1,024,007**

13 Cash and cash equivalents

	At 1 August 2021	Cash flows	Other changes	At 31 July 2022
	£	£	£	£
Cash and cash equivalents	1,858,098	(692,411)	-	1,165,689
Total	**1,858,098**	(692,411)	-	**1,165,689**

14 Events after the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately (2021: None).

15 Pensions

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016.

Total pension cost for the year	**2022**	**2021**
	£	£
Teachers' Pension Scheme: contributions paid	158,422	135,707
Aviva Workplace Pension Scheme	90,079	67,686
Total pension cost for the period within staff costs	**248,501**	**203,393**

Contributions amounting to £11,178 (2021: £10,536) were payable to the Aviva Workplace Pension scheme at 31 July 2022 and are included within creditors. There were no contributions owing to the Teachers' Pension Scheme at 31 July 2022 (2021: £nil).

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers’ pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

16 Related party transactions

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

No expenses were paid to or on behalf of the Corporation members during the year (2021 - £nil).

No Corporation member received any remuneration or waived payments from the Group or the College during the year (2021 – none).

Fundraising income amounting to £72k (2021: £71k) was received from Bank of America. Gillian Lancaster, a member of the Board is a Managing Director at Bank of America.

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

The College paid the National College for Digital Skills Limited £1,980,365 during the year (2021 - £1,430,163) relating to the provision of premises, operational and marketing support. In recent years we are recharging more costs of NCDS to Ada to more accurately reflect the costs incurred. This approach impacts negatively on the college’s unrestricted reserves position and will be reviewed for future years.

17 Restricted funds

	At 1 August 2021	Incoming resources	Resources expended	Transfers	At 31 July 2022
	£	£	£	£	£
Group					
a) Restricted funds – Student Bursaries	33,464	20,000	12,218	-	41,246
b) Restricted funds - Salesforce	-	396,158	-	-	396,158
c) Capital	659,835	-	356,411	-	303,423
d) Future Leaders	2,000	13,000	13,000	-	2,000
	695,299	**429,158**	**381,629**	-	**742,827**
College					
b) Restricted funds - Salesforce	-	396,158	-	-	396,159
	-	**396,158**	-	-	**396,158**

a) Student Bursaries – funding provided for student bursaries
b) Salesforce – funding provided for the organisation to expand support of young adults from underserved backgrounds in London and Manchester.
c) Capital funding from the Department for Education and Greater London Authority for capital costs associated with the premises, IT and equipment.
d) The college supports the Panopoly project which helps identify future leaders. The college administers payment of bursaries to the project participants.

18 Operating lease commitments

As at 31 July 2022, the charity had annual commitments under non-cancellable operating leases relating to land and buildings as set out below.

	2022	2021
Expiring:	£	£
1 year	275,000	275,000
2 – 5 years	139,583	339,583
	414,583	**614,583**

£275,000 has been charged to expenditure for the year. (2021 £214,113)

19 Contingent liabilities

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