



# Newham Sixth Form College

Report and Financial Statements for the year ended:

**31 July 2021**

## Corporation, Key Management Personnel and Professional advisers

### The Corporation

A full list of Corporation members is given on page 14

Robin Jones acted as the Clerk to the Corporation throughout the year 2020/21.

### Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2020/21:

Mandeep Gill	Principal & CEO: Accounting Officer
Magdalena Johnson	Vice Principal Student Achievement & Progression
Michael Gainlall	Vice Principal Finance & Operations
Martin Reed	Assistant Principal Student Services and HR (Joined 5 January 2021)

## Operating and Financial Review

### Professional advisers

#### Financial statements auditors and reporting accountants:

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

#### Internal auditors:

Scrutton Bland LLP  
Fitzroy House  
Crown Street  
Ipswich  
Suffolk  
IP1 3LG

#### Bankers:

Lloyds Bank plc  
4th Floor  
25 Gresham Street  
London  
EC2V 7HN

#### Solicitors:

Irwin Mitchell LLP  
The Colmore Building  
9th Floor  
20 Colmore Circus  
Birmingham  
B4 6AH

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## Strategic report

### NATURE, OBJECTIVES AND STRATEGIES:

The members of the Corporation present their report and the audited financial statements for the year ended 31 July 2021.

#### Legal status

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

#### Mission / Vision

The College's mission statement is *"Enhancing lives through excellent education and learning."*

The College's vision is to become *"The first choice college for enhancing the lives of students in partnership with parents, employers and community."*

The College has also created the slogan: *"Diverse in Ambition, United in Success."*

#### Public Benefit

Newham Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and following the 'Machinery of Government' changes in July 2016 is regulated by the Secretary of State for Education as Principal Regulator for all sixth form colleges in England. The members of the Corporation who are trustees of the charity are disclosed on page 14.

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

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

- High-quality teaching with good student outcomes and progression rates;
- Widening participation and tackling social exclusion;
- Strong student support and student development;
- Links with education partners and employers.

The College adheres to the seven principles of public office: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

#### Strategic planning

The Corporation has set the College's strategic objectives and the key performance indicators (KPIs) for the coming academic year and monitors the performance of the College against these. In the medium term, the College is aiming to be outstanding.

The College's strategic objectives were redrafted in 2019/20 to focus on the ESFA / Ofsted priorities of; quality of provision, student experience and financial stability. The Corporation approved a three-year strategic plan in July 2019 for the period 1 August 2019 to 31 July 2022. The plan was submitted to the ESFA in July 2019.

**Strategic report (continued)**

The College's strategic objectives are:

- Have the best teaching, learning and curriculum;
- Be recognised as an inclusive and supportive college providing a holistic student experience;
- Ensure financial stability to allow continual investment in its resources and estate.

To support the achievement of these objectives the College has set 21 KPIs, which with the QUIAP (Quality Improvement Action Plan) are used to inform target setting and action planning a team and individual level

**Financial objectives**

The College's strategic financial objectives is to: "ensure financial stability to allow investment in its resources and estate."

Specifically the College aims to:

- Achieve an annual operating surplus before notional pension charges, exceptional items and disposal of fixed assets;
- Generate sufficient levels of income to support the asset base of the College;
- Pursue sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- Sustain a strong short term liquidity position;
- Fund continued capital investment in the buildings and other resources

A series of financial KPI's have been agreed to monitor the successful implementation of the policies designed to achieve the strategic objectives.

**Strategic report (continued)****Performance Ratios: Table One**

<b>KEY RATIOS</b>			
	<b>2021 Plan</b>	<b>2021 Actual</b>	<b>2022 Plan</b>
<b>Liquidity</b> - <i>how much of a cash safety net does the College have at its disposal?</i>			
Cash days in hand	>60	233	>60
Adjusted current ratio	1.97	4.05	2.0
Borrowing as a % of income	16.7%	12.7%	15.7%
<b>Margin</b> - <i>how successful is the College being at delivering a balanced budget?</i>			
EBITDA as a % of income – education specific	>4%	21.24%	>5%
<b>Income</b> - <i>how reliant is the College on ESFA income?</i>			
Dependency on ESFA income	93.1%	94.19%	92.6%
<b>Expenditure</b> - <i>how successful is the College at keeping wage costs under control?</i>			
Staff costs (excluding restructuring and including LGPS notional charge) as % of income	<77%	65.46%	<76%
Framework for Excellence financial health grade	Good	Outstanding	Good

The above ratios, based on the College's financial plan forecast a financial health grade of 'Outstanding' as at 31 July 2021. The recruitment of 16-18 year-old students increased substantially in September 2020 with the result that 102 more students were recorded at the first census point. This will enable the college to improve its funding for the coming year. Some in-year growth was achieved.

The College is committed to observing the importance of sector measures and indicators. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance record produces a financial health grading on submission at 31 December.

Although the ESFA continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit three-year strategic plan, that are reviewed each year. These plans focus on four headline targets:

- Learner numbers and achievement of ESFA funding targets;
- Learner achievement rates, value added and progression;
- Quality of teaching and learning;
- Stakeholder engagement.

## Strategic report (continued)

### Performance 2020/21: Overview of college success

#### Overall College performance

The College achievement rate (of leavers) for 2020/21 was 89.7%, compared to 89.7% in 2019/20. Overall achievement still remains above the 'All Institutions' sector national rate and is in-line with the Sixth Form College rate. The overall ALPs value added score for vocational courses which represent the bulk of our provision, was 5 (Good to Satisfactory). For A-level, the overall pass rate was 98.7% whilst the ALPs score remained at 6.

#### Quality

The College's last full Ofsted inspection in December 2018 where it was judged 'good' overall, with some outstanding features. These grades were also used in the College's self-assessment grades for 2020. The College has continued to improve its quality assurance systems, including highly focused support and challenge at Corporation meetings and during governor link meetings throughout the year.

## FINANCIAL POSITION

#### Financial results

The College returned a Surplus of £2,579k before the actuarial loss in respect of pension schemes in the year of £2,544k (2019: £48k deficit before actuarial loss of £1,805k). The Surplus of £2,544k is stated after the impact of non-cash charges (staff cost, interest cost and actuarial movements) associated with the College's Local Government Pension Scheme (LGPS), which totalled £1,042k (2020: £680k).

The College has total accumulated reserves of £12.8 million (2020: £10.3 million) and cash balances of £9.2 million (2020: £4.6 million). The increase in reserves is attributable to the improvement in the college's operational position noted above as there has been a significant improvement in the finances since the previous year.

Tangible fixed asset additions during the year amounted to £230k (2020: £746k). This was split between land and buildings acquired of £68k (2020: £344k) and equipment purchased of £162k (2020: £420k).

The College has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2020 the ESFA provided 94.2% (2020: 93.9%) of the College's total income.

The College wishes to accumulate reserves from operations to fund the next stages of planned campus development over the next five years. The initial investment will come from the college reserves and will have an impact on the college budgets. Reserves are also needed to fund other investments in the student-learning environment. This year is seen as exceptional particularly in relation to staffing costs ratio and is unlikely to be maintained at this level going forward

The effect of COVID-19 on the College has come in the form of having to significantly increase its non-pay costs such as cleaning and equipment relating to providing for the safety of its staff and students. Other income in the form of lettings have dropped significantly in the year.

#### Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short-term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the ESFA.



## Strategic report (continued)

### Cash flows and liquidity

At £5.1m (2020: £2.3m) net cash inflows from operating activities were strong to provide for further capital to fund the purchase of tangible assets. The college has set a robust budget for the following year and includes the estimates for the continued effects of COVID-19 and how it affects the cash position, in particular the investment in IT infrastructure to cope with the change in delivery model. The cash flow model has been worked on a prudent basis where there is no assumption that there will be additional COVID-19 Funding from the ESFA.

### Reserves

The College has a Treasury Policy, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £7,724k (2020: £5,007k), this is an increase on the previous year however the LGPS pension Liability increase has further reduced this reserve. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

The reserves of the College have been impacted significantly by the recent actuarial valuation of the LGPS scheme which has seen the liabilities against assets increase and this has had a major impact on the Balance sheet reserves compare to the previous year.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers:

In 2020/21 the College delivered activity to justify £16.34m in ESFA main allocation funding. The College had 2,769 ESFA funded learners, over achieving against a target of 2,664.

### Curriculum developments

The College continues to engage with, plan for and implement a broad range of curriculum changes introduced by government policy. These include planning for the introduction of new specification (RQF) BTECs and T – levels, the continued embedding of the final tranche of linear A-levels and new GCSEs. The College with its broad vocational offer is well placed to take advantage of T-levels and has secured permission to run these for more areas.

### Impact of COVID-19

COVID -19 has meant that the college has had to radically rethink its teaching and support models. During The Government enforced lockdown in March 2020, the college had to look at ways of continuing its delivery. This was achieved with investment in google technology and hardware to allow delivery of teaching from home and also for support staff to work from home to keep the college business running. There has been significant investment in making the site COVID-19 safe and compliant in order to allow for the return of students and staff after the first lockdown. The college through prudent financial management has managed the expenditure on COVID-19 in the last financial year. However as this pandemic continues it will put a strain on the college as we keep the building open and maintain safety levels as well as the changing model of delivery in the curriculum .

### Payment performance

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

### Future developments

- COVID -19 has seen the College have to adopt a change it's its approach. Firstly the model of delivery during the lockdown was one of having to deliver fully online course and support. Following the re-opening of the College in August, the timetabling of courses has become a 50/50 model of delivery to allow for the College to be kept open and safe for staff and students. The ongoing uncertainty around the end of COVID -19 has meant

## Strategic report (continued)

that the College has to now plan for what the model of enrolment of students will look like and the increased costs associated with adopting a new model of online open days and enrolment

- The College needs to monitor the student numbers and to plan in a realistic and prudent way which suggests not looking at any real increase in student enrolment in the short term
- The College has now been establishing a traditional model of Governance which includes a Finance and Resources Committee and a Curriculum and Quality Committee. There has been a full cycle of meeting this year

## RESOURCES:

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

The principal tangible resource is the main College site in Prince Regent Lane.

### *Financial*

The College has £12.8m of net assets (2020: £10.3m). This includes £10.7m pension liability (2020: £9.7m), and £2.2m of bank loans repayable after more than one year and £2.8m of deferred capital grants.

### *People*

The College employs 209 people (expressed as full time equivalents) (2020: 214), of whom 107 are teaching staff (2020: 115).

### *Reputation*

The College has a good reputation locally and nationally. Maintaining a high quality offer is essential for the College's success in attracting students, especially in view of increasing local competition. The College achieved a 'good' judgement in the 2018 Ofsted inspection and staff have continued to work for further improvement since then.

## PRINCIPAL RISKS AND UNCERTAINTIES:

The College continues to develop and embed systems of internal control, including financial, operational and risk management designed to protect the College's assets and reputation.

The College maintains a strategic risk register that is approved by the Corporation. It is reviewed by: senior managers the Audit Committee and by the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions that are taken to reduce / mitigate risks. A consistent scoring system is used to assess the level of risk.

The principal risks are:

1. Static or declining student numbers particularly in light of COVID-19
2. Static or declining government funding
3. Threats arising from major critical incidents
4. Uncertainty around COVID and the short to medium term Impact on cash and Funding
5. Our Estates are in need of modernisation and we will be embarking on a plan for major refurbishment/New Build in the coming years
6. The further Government announcements on academisation and considerations that Sixth form colleges need to take into account when planning for the future.

Many of these factors are outside the College's control and other factors may adversely affect the College.

The College has considerable reliance on continued government funding through the ESFA. Continual pressure on public funds places a heavy emphasis on the College to increase efficiency. This risk is mitigated via constant scrutiny of the College's cost base and search for efficiencies and by ensuring the College is focused on those priority sectors that will continue to attract public funding.

## Strategic report (continued)

### STAKEHOLDER RELATIONSHIPS

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

- Students and their families;
- The Education and Skills Funding Agency (ESFA);
- Further Education and Regional Schools Commissioners;
- Staff and their Trade Unions;
- Local employers and professional bodies;
- Local Authorities, their associations and the Greater London Authority;
- The local community;
- Schools, other colleges and universities;
- Specific partnership organisation – regional and sub-regional;
- Charitable and philanthropic trusts; and
- The Corporation

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

#### Equal opportunities and employment of disabled persons

Newham Sixth Form College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions that place people at a disadvantage and we will actively combat discrimination and advance equality. This policy will be resourced, implemented and monitored on a planned basis.

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on its website.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. 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, which are, as far as possible, identical to those for other employees.

#### Disability statement

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

- a) As part of its accommodation strategy the College updates its access audit as needed.
- b) The College nominates specific staff, who provide information, advice and arrange support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place is assessed under the complaints policy.

**Strategic report (continued)**

- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. Student support assistants provide a variety of support for learning. A continuing programme of staff development is in place to ensure the provision of high level appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) 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.

**Strategic report (continued)**

**Trade union facility time**

Number of employees who were relevant period	FTE employee number
4	3.93

Percentage of time	Number of employees
1-50%	4

Total cost of facility time	£9.5k
Total pay bill	£11.33m
Percentage of total bill spent on facility time	0.08%

Time spent on paid trade union activities as a percentage of total paid facility time	0.08%
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**Disclosure of information to auditors**

The members who held office at the date of approval of this report confirm that, so far as each are aware, there are 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 15 December 2021 and signed on its behalf by:**



M Rosner  
Chair of the Corporation

## Governance statement

The following statement is provided to enable readers of the annual report and accounts to obtain a better understanding of the College's governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- ii. Having due regard to the UK Corporate Governance Code insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. 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. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 19 May 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, 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.

## Statement of Responsibilities of the Members of the Corporation

### 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.

Note: CQ&E = Curriculum, Quality & Engagement Committee which is one of the 5 Standing Committees supporting the Corporation

Name	Date of Appointment	Original Term	Resignation /End date	Status of appointment	Committees served	Attendance (%)
Martin Rosner Chair	01/08/20	4 years	-	Independent	CQ&E Finance & Resources Governance & Search	100%
Joanne Dean Vice-Chair	09/02/16 Re-appointed	4 years	-	Independent	Governance & Search	100%
Mandeep Gill	01/09/18	Ex-officio	-	Principal & CEO	CQ&E Finance & Resources Governance & Search	100%
Jay Nair	16/10/13 Re-appointed	4 years	31/07/21	Independent	Audit & Risk	80%
Julianne Marriott	03/12/18	4 years	-	Independent	Audit & Risk	100%
Miklos Sarosi	28/04/17 Re-appointed	2 years	31/07/21	Parent	CQ&E Remuneration	80%
Julia Shelton	16/01/17 Re-appointed	4 years	-	Independent	Governance & Search Remuneration	100%
Sohidul Hoque	09/10/19	4 years	-	Independent	Audit & Risk Remuneration	40%
Paddy Salter	20/05/20	4 years	-	Independent	CQ&E	80%
Edet Okon	15/06/20	4 years	27/08/21	Staff	CQ&E	20%
Kieran Healy	21/09/20	4 years	05/10/21	Independent	Finance & Resources	80%
Kofo Ladele	21/09/20	4 years	-	Independent	Audit & Risk Remuneration	100%
Simon Mayfield	21/09/20	4 years	-	Independent	Finance & Resources	100%
Mandeep Sahotay	21/09/20	4 years	-	Independent	CQ&E	60%
Elizabeth Scott	21/09/20	4 years	-	Independent	CQ&E	100%
Graham Willson	21/09/20	4 years	-	Independent	Finance & Resources	80%
Laura De Vos	12/09/20	4 years	-	Staff	Finance & Resources	100%
Habib Said Midh-Hir	01/09/20	1 year	31/07/21	Student	CQ&E	80%
Yvonne Odai	01/09/20 Re-appointed	1 year	-	Student	CQ&E	60%
Jane Lofthouse	01/08/21	4 years	-	Independent	CQ&E	-
Miklos Sarosi	01/08/21	4 years	-	Independent	CQ&E Remuneration	
Hafsa Naeem	01/09/21	1 year	-	Student	CQ&E	-
Ebby Maps	06/10/21	2 years	-	Parent	CQ&E	-
Fiona Clarke	08/11/21	4 years	-	Staff	CQ&E	-
Robin Jones acted as the Clerk to the Corporation throughout 2020/21						

Note: Miklos Sarosi served as a Parent Member up to 31 July 2021. He was appointed as an Independent Member as from 1 August 2021.

In 2020/21 the attendance by Members at meetings of the Corporation was 82%.

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

**Statement of Responsibilities of the Members of the Corporation**

**The Corporation of Newham Sixth Form College  
Members of the Corporation (including the Student Members)  
Equality & Diversity Considerations for the year 2020/21**

This a summary of the Equality & Diversity considerations of the Members of the Corporation based on information provided by Members.

**Corporation Composition**

The composition of the Corporation in 2020/21 was as follows:

Independent Members	13
Parent Member	1
Staff Members	2
Student Members	2
Principal & Chief Executive	1

Note: In 2020/21 there was one vacancy for an Independent Member which was filled as from 1 August 2021

**Age range**

16 - 18	2
19 - 24	0
25 - 34	1
35 - 44	3
45 - 54	6
55 - 64	6
65 - 74	1
75 and over	0
Prefer not to say	0

**Gender**

Female	8
Male	11
Non-binary	
Prefer not to say	

**Sexuality**

Bisexual	
Gay	1
Lesbian	
Heterosexual / straight	17
Other	1
Prefer not to say	

**Religion and belief**

Buddhist	
Christian	6
Hindu	1
Jewish	1
Muslim	2
Non – religious	6
Sikh	2
Other religion	1
Prefer not to say	

**Ethnicity**

Asian	
Asian or Asian British - Indian	3
Asian or Asian British - Pakistan	
Asian or Asian British - Bangladeshi	1



**Statement of Responsibilities of the Members of the Corporation**

Asian or Asian British - Other	
Black or Black British – African	3
Black or Black British – Caribbean	
Black or Black British - Other	
Mixed – White and Asian	
Mixed – White and Black African	
Mixed – White and Black Caribbean	
Mixed - Other	1
White – British	10
White - Other	1
Other – please use your own term if you wish to describe your ethnicity	
Prefer not to say	

**Disability**

Yes	3
No	16
Prefer not to say	

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as safeguarding, health & safety and environmental issues. The Corporation met on 5 occasions throughout the year 2020/21.

In 2020/21 the Corporation conducted its business both through Corporation meetings with the support of five committees:

- Audit & Risk
- Curriculum, Quality & Engagement
- Finance & Resources
- Governance & Search
- Remuneration.

The Corporation has approved comprehensive Terms of Reference for all five Standing Committees.

Full minutes of all meetings of the Corporation and the Standing Committees, except those deemed to be confidential by the Corporation, are available on the College's website at <https://www.newvic.ac.uk/> or from the Clerk to the Corporation at:

Newham Sixth Form College  
Prince Regent Lane  
Plaistow  
London E13 8SG

The Clerk maintains a register of financial and personal interests of the Members of the Corporation. The register is available for inspection at the above address or via the Corporation section of the College website.

All Corporation Members 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 Corporation 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.

Members of the Corporation undertook a range of training and development during the year 2020/21 to support their role and to gain a greater understanding of the further education sector and what was involved in being a Member.

## Statement of Responsibilities of the Members of the Corporation

The newly appointed Members were provided with the opportunity to attend the Induction Programme provided by the AoC and the Clerk was available throughout the year to support Members

The SFCA provided a number of webinars during the year and Members were able to join these live or after the event as recordings were made available. These included:

- Sector Update – 13 October 2020
- The Governing Body as an employer – 25 November 2020
- The importance of Board Assurance in managing risk – 15 December 2020
- Board recruitment – 7 January 2021
- Understanding Mental Health
- Finance – 25 February 2021
- Antiracism and the role of College Boards – 18 March 2021

Note: The Antiracism webinar was delivered for the SFCA by the NewVIc Corporation Chair and the Principal & Chief Executive

Other training and development programmes which were attended by Members of the Corporation included those provided by:

- the AoC such as the Annual Conference
- the ETF such as Safeguarding and Prevent
- FE Week on the Skills White Paper and associated Bill
- Eversheds Sutherland session on charity law for educational institutions

The Chair of the Corporation who was appointed to the NewVIc Corporation as from 1 August 2020 attended the ETF leadership session for Corporation Chairs which was provided by Oxford Said.

In addition to the various programmes of training and development the Chair and Vice Chair of the Corporation participate in regional networking sessions through the AoC. Both also have roles within the SFCA and AoC respectively which bring real benefits to their insight in policy initiatives.

The Clerk to the Corporation has undertaken a range of training and development opportunities during 2020/21 including the following:

- Governance Webinar – Sector Update – 13 October 2020 (SFCA)
- Governance Webinar – The Governing Body as an employer – 25 November 2020 (SFCA)
- Governance Webinar – Board Recruitment – 8 January 2021 (SFCA)
- Clerks' Conference – 20 January 2021 (SFCA)
- Governance Professionals' Conference 2021 - 27 January 2021 (AoC)
- AoC Annual Conference – 9 February 2021 (AoC)
- Governance Webinar – Finance 2021 – 25 February 2021 (SFCA)
- FE White Paper – Need for an FE White Paper – 2 March 2021 (FE Week)
- FE White Paper – Chapter 1 – Putting employers at the heart of post 16 skills – 9 March 2021 (FE Week)
- FE White Paper – Chapter 2 – Providing advanced technical and higher technical skills – 16 March 2021 (FE Week)
- Governance Webinar: Antiracism and the role of College Boards – 18 March 2021 (SFCA)

## Statement of Responsibilities of the Members of the Corporation

- FE White Paper – Chapter 3 – A flexible Lifetime Skills Guarantee – 23 March 2021 (FE Week)
- FE White Paper – Chapter 4 – More responsive and accountable providers – 30 March 2021 (FE Week)
- FE White Paper – Chapter 5 – Supporting “outstanding” teaching – 6 April 2021 (FE week)

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

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

There is a clear division of responsibility in that the roles of the Chair and Principal 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 Governance & Search Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new Independent Member for the Corporation’s consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

### Corporation performance

In December 2018 the College was inspected by Ofsted and the effectiveness of leadership & management and governance was judged as “good”. The Corporation agreed that the College’s self-assessment grades should be linked to Ofsted judgements. Governance was therefore assessed as “good”. There have been annual self-assessments carried out which have continued to grade the college as “good”

### Audit & Risk Committee

The Audit & Risk Committee comprises four members of the Corporation (excluding the Principal and Corporation Chair). The Committee operates in accordance with written terms of reference approved by the Corporation which has due regard to the provisions of the Audit Code of Practice.

The Audit & Risk Committee meets on at least a termly basis. In 2020/21 the Committee met on 4 occasions with the following breakdown of attendance:

Name	Possible	Actual	% Attendance
Sohidul Hoque	4	3	75%
Kofo Ladele	4	2	50%
Julianne Marriott	4	4	100%
Jay Nair	4	4	100%
TOTALS	16	13	81%

It provides a forum for reporting by the College’s internal, regularity 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 ESFA as they affect the College’s business.

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

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

## Statement of Responsibilities of the Members of the Corporation

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

### Internal control

#### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Newham Sixth Form College and the ESFA. 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 on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newham Sixth Form College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls 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 College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- Regular reviews by the Corporation 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.

Newham Sixth Form College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Risk Committee. At a minimum annually, the appointed internal auditors provide the Corporation with a report on internal audit activity in the College. The report includes the auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### *Review of effectiveness*

## Statement of Responsibilities of the Members of the Corporation

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

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements auditors, the regularity auditors (for colleges in plan-led funding), the ESFA - appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

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

The senior leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior leadership team and the Audit & Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

### Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. In making this assessment, the Corporation has taken in to consideration the anticipated operational and financial impact of the COVID-19 pandemic on the College, considered potential areas of decreased income alongside positive student recruitment, budgets will be regularly monitored for variances and elements of the impact which were not initially forecast. The college has managed its finances well in 2020/21 and as such has been able to improve the level of cash reserves and cash days in hand as well as making an operational profit for the year

Approved by order of the members of the Corporation on 15 December 2021 and signed on its behalf by:



M Rosner

**Chair**



M Gill

**Principal**

**The Corporation's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding**

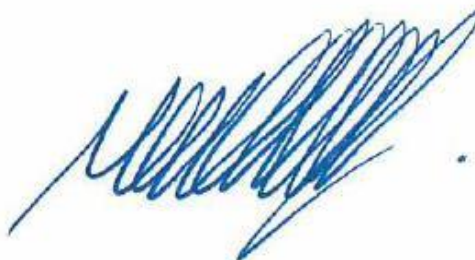
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with ESFA. As part of our consideration we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

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

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.



M Rosner

**Chair**

M Gill

**Principal**

## Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended 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 and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 15 December 2021 and signed on its behalf by:



Martin Rosner  
Chair of governors

## Independent Auditor's Report to the Corporation of Newham Sixth Form College

### Opinion

We have audited the financial statements of Newham Sixth Form College (the 'College') for the year ended 31 July 2021 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the 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 College's affairs as at 31 July 2021 and of its deficit of income under expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

### 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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

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

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

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



## Independent Auditor's Report to the Corporation of Newham Sixth Form College

### Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are 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 members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Corporation are responsible for assessing 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 members of the Corporation either intend to liquidate the College or to cease operations, or have 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 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 (although none was noted as being received by the College).

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

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

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

#### **Use of our report**

This report is made solely to the College's members, 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 College's members 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 College's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hugh Swainson  
20.12.2021

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

## **Independent Auditor's Report on Regularity to the Corporation of Newham Sixth Form College ('the Corporation') and Secretary of State for Education acting through the Department for Education ('the Department')**

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the 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 Newham Sixth Form College during the period 1 August 2020 to 31 July 2021 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 has other assurance arrangements in place.

This report is made solely to the corporation of Newham Sixth Form College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Newham Sixth Form College 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 [name of corporation] and the ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Newham Sixth Form College and the reporting accountant**

The corporation of Newham Sixth Form College 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to

Provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

**Independent Auditor's Report on Regularity to the Corporation of Newham Sixth Form College ('the Corporation') and the Secretary of State for Education acting through Education Funding Agency**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

*Buzzacott LLP*

20.12.2021

Buzzacott LLP

Chartered Accountants

130 Wood Street

London

EC2V 6DL

**Newham Sixth Form College**  
**Statement of Comprehensive Income and Expenditure**

	Notes	2021 College £'000	2020 College £'000
<b>INCOME</b>			
Funding body grants	2	18,195	15,808
Tuition fees and education contracts	3	841	853
Other grants and contracts	4	263	135
Other income		-	-
Endowment and investment income	5	<u>-</u>	<u>43</u>
<b>Total income</b>		<b>19,299</b>	<b>16,839</b>
<b>EXPENDITURE</b>			
Staff costs	6	12,433	12,353
Other operating expenses	7	2,833	3,044
Depreciation	10	1,231	1,402
Interest and other finance costs	8	223	88
		<u>          </u>	<u>          </u>
<b>Total expenditure</b>		<b>16,720</b>	<b>16,887</b>
		<u>          </u>	<u>          </u>
<b>Surplus/(Deficit) for the year</b>		<b>2,579</b>	<b>(48)</b>
Actuarial loss in respect of pensions schemes		(35)	(1,805)
		<u>          </u>	<u>          </u>
<b>Total Comprehensive Income for the year</b>		<b>2,544</b>	<b>(1,853)</b>
		<u>          </u>	<u>          </u>

**Newham Sixth Form College**  
**Statement of Changes in Reserves**

	Income and Designated Expenditure Reserves account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>College</b>			
<b>Balance at 31st July 2019</b>	6,687	5,506	12,193
Surplus/(Deficit) from the income and expenditure account	(48)	-	(48)
Other comprehensive income	(1,805)	-	(1,805)
Transfers between revaluation and income and expenditure	173	(173)	-
	<u>(1,680)</u>	<u>-</u>	<u>(1,853)</u>
<b>Balance at 31st July 2020</b>	<b>5,007</b>	<b>-</b>	<b>5,333</b>
Surplus/(Deficit) from the income and expenditure account	2,579	-	2,579
Other comprehensive income	(35)	-	(35)
Transfer between designated and undesignated reserves	-	-	-
Transfers between revaluation and income and expenditure	173	(173)	-
	<u>2,717</u>	<u>-</u>	<u>2,544</u>
<b>Total comprehensive income for the year</b>	<b>2,717</b>	<b>-</b>	<b>2,544</b>
<b>Balance at 31st July 2021</b>	<b><u>7,724</u></b>	<b><u>-</u></b>	<b><u>12,884</u></b>

**Newham Sixth Form College  
Balance sheets as at 31 July**

**Notes**

		<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>			
Tangible fixed assets	10	22,111	23,112
		<u>22,111</u>	<u>23,112</u>
<b>Current assets</b>			
Trade and other receivables	11	384	481
Cash and cash equivalents		9,237	4,632
		<u>9,621</u>	<u>5,113</u>
<b>Less: Creditors – amounts falling due within one year</b>	12	(3,068)	(3,014)
<b>Net current assets</b>		<u>6,553</u>	<u>2,099</u>
<b>Total assets less current liabilities</b>		<b>28,664</b>	<b>25,211</b>
Less: Creditors – amounts falling due after more than one	13	(5,044)	(5,177)
<b>Provisions</b>			
Defined benefit obligations	21	(10,736)	(9,694)
<b>Total net assets</b>		<u>12,884</u>	<u>10,340</u>
<b>Unrestricted reserves</b>			
Income and expenditure account		7,724	5,007
Revaluation reserve		5,160	5,333
<b>Total unrestricted reserves</b>		<u>12,884</u>	<u>10,340</u>
<b>Total reserves</b>		<u>12,884</u>	<u>10,340</u>

The financial statements on pages 28 to 52 were approved and authorised for issue by the Corporation on 15 December 2021 and were signed on its behalf on that date by:

**Martin Rosner**



**Chair**

**Mandeep Gill**



**Accounting Officer**

**Newham Sixth Form College  
Statement of Cash Flows**

	Notes	2021 £'000	2020 £'000
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		2,579	(48)
<b>Adjustment for non cash items</b>			
Depreciation		1,231	1,402
(Increase)/decrease in debtors		97	(86)
Increase/(decrease) in creditors due within one year		54	606
Decrease in creditors due after one year		39	(321)
Decrease in provisions		-	-
Pensions costs less contributions payable		867	711
<b>Adjustment for investing or financing activities</b>			
Investment income		-	(43)
Interest payable		223	88
		<u>5,090</u>	<u>2,309</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Deferred Capital Grants Received		-	-
Withdrawal of deposits		-	-
New deposits		-	-
Payments made to acquire fixed assets		(230)	(746)
		<u>(230)</u>	<u>(746)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(83)	(88)
Repayments of amounts borrowed		(172)	(160)
		<u>(255)</u>	<u>(248)</u>
<b>Increase in cash and cash equivalents in the year</b>			
		<u>4,605</u>	<u>1,315</u>
Cash and cash equivalents at beginning of the year		4,632	3,317
<b>Cash and cash equivalents at end of the year</b>		<b>9,237</b>	<b>4,632</b>



## Notes to the Accounts:

### 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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### Going concern

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

In March 2016 the College entered into an agreement for a committed loan facility with Lloyds Bank Plc. In December 2017 the amount of £3 million then drawn down on that facility was converted into a five year term loan.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

In making this assessment, the Corporation has taken into consideration the anticipated operational and financial impact of the COVID-19 pandemic on the College, considered potential areas of decreased income alongside positive student recruitment, budgets will be regularly monitored for variances and elements of the impact which were not initially forecast.

Accordingly the College has a reasonable expectation that it is generally financially viable and has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### Recognition of income

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. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. 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.

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Notes to the Accounts (continued):

1. Statement of accounting policies and estimation techniques (continued)

**Accounting for post-employment benefits**

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

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 the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The return on pension plan assets and changes in assumptions underlying the present value of plan liabilities is recognised in other recognised gains and losses.

**Actuarial gains and losses are recognised immediately in other recognised gains and losses.**

**Short term Employment benefits**

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

**Non-current assets - Tangible fixed assets**

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Freehold Buildings 20-50 Years
- Refurbishments/Building Improvements -10- 20 Years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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.

1. Statement of accounting policies and estimation techniques (continued)

**Non-current Assets - Tangible fixed assets (continued)**

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued prior to 31 July 1999, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

**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 £1,000 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 - 3 Years
- furniture, fixtures and fittings and Equipment - 5 Years

**Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Otherwise they are recognised as expenditure in the period in which they are incurred.

**Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

**Investments**

Current investments comprise cash deposits which are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. Investments are stated at cost.

**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.

**Financial liabilities and equity**

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

## 1. Statement of accounting policies and estimation techniques (continued)

### Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

### Taxation

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

The College is exempt in respect of Value Added Tax, so that it cannot recover the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### Provisions and contingent liabilities

Provisions are recognised when 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 finance cost in the statement of comprehensive income in the period it arises.

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

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

### Agency arrangements

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

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 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 College'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.
- Estimating future income and expenditure for the purpose of assessing going concern. In assessing this, management have reviewed budgets, forecast and actual results for the period after the date of these accounts to inform their going concern assessment.

### 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.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**2 Funding council grants**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency – 16 -18	17,348	14,851
<b>Specific Grants</b>		
Teacher Pension Scheme contribution grant	362	332
Releases of government capital grants	307	459
Education and Skills Funding Agency - other grants	178	166
	<b><u>18,195</u></b>	<b><u>15,808</u></b>

**3 Tuition fees and education contracts**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Education contracts</b>		
Adult skills grant (GLA)	132	90
High needs students	709	575
14-15 year old students	-	188
	<b><u>841</u></b>	<b><u>853</u></b>

**4 Other grants and contracts**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Other Income generating Activities	162	37
Other Grant Income	59	32
Non Government Capital Grants	-	-
Miscellaneous Income	42	66
	<b><u>263</u></b>	<b><u>135</u></b>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**5 Investment income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Other investment income	-	-
Other interest receivable	-	-
	<b>_____</b>	<b>_____</b>
Net return on pension scheme (note 21)	-	43
	<b>_____</b>	<b>_____</b>
	<b>=====</b>	<b>=====</b>
	<b>-</b>	<b>43</b>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**6 Staff costs**

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

	2021 No.	2020 No.
Teaching staff	120	137
Non teaching staff	<u>121</u>	<u>148</u>
	<u><b>241</b></u>	<u><b>285</b></u>

The average number of persons (including key management personnel) employed by the College during the year expressed on a FTE basis was:

	2021 No.	2020 No.
Teaching staff	106.64	115.22
Non teaching staff	<u>102.15</u>	<u>98.43</u>
	<u><b>208.79</b></u>	<u><b>213.65</b></u>

**Staff costs for the above persons**

	2021 £'000	2020 £'000
Wages and salaries	8,253	8,289
Social security costs	849	836
Other pension costs	<u>2,231</u>	<u>2,065</u>
<b>Payroll sub total</b>	<b>11,333</b>	<b>11,190</b>
Contracted out staffing services	<u>1,100</u>	<u>814</u>
	<b>12,433</b>	<b>12,004</b>
Fundamental restructuring costs - contractual	-	349
	<u><b>12,433</b></u>	<u><b>12,353</b></u>

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, direc

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	<u>5</u>	<u>9</u>

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

	Senior post-holders		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£15,001 to £20,000	-	1	-	-
£25,001 to £30,000	1	-	-	-
£40,001 to £45,000	1	-	-	-
£65,001 to £70,000	-	1	-	-
£80,001 to £85,000	-	2	-	-
£85,001 to £90,000	1	1	-	-
£90,001 to £95,000	1	-	-	-
£95,001 to £100,000	-	1	-	-
£120,001 to £125,000	-	1	-	-
£130,001 to £135,000	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>5</b></u>	<u><b>7</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**6 Staff costs ( continued)**

Key management personnel compensation is made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries - gross of salary sacrifice and waived emoluments	419	580
Employers National Insurance	50	64
	<u>469</u>	<u>644</u>
Pension contributions	77	95
	<u>77</u>	<u>95</u>
<b>Total emoluments</b>	<b><u>546</u></b>	<b><u>739</u></b>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	130	122
Pension contributions	31	28
	<u>31</u>	<u>28</u>

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary as a multiple of the median of all staff	3.8	3.8
Total remuneration as a multiple of the median of all staff	3.8	3.8

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.

The Corporation has adopted the Senior Staff Remuneration Code and established a Remuneration Committee of Members to consider and make Recommendations to the Corporation on Pay including Incremental progression having regard to performance against targets.



**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**7 Other operating expenses**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	497	599
Non teaching costs	1,364	1,498
Premises costs	<u>972</u>	<u>947</u>
<b>Total</b>	<b><u>2,833</u></b>	<b><u>3,044</u></b>

**Other operating expenses include:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	20	20
Internal audit	10	14
Hire of assets under operating leases	99	129
	<u>          </u>	<u>          </u>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**8 Interest payable**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
On bank loans, overdrafts and other loans:	<u>83</u>	<u>88</u>
	83	88
Net interest on defined pension liability (note 21)	<u>140</u>	<u>-</u>
<b>Total</b>	<b><u>223</u></b>	<b><u>88</u></b>

**9 Taxation**

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

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**10 Tangible fixed assets**

	Land and £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2020	35,555	4,609	40,164
Additions	68	162	230
<b>At 31 July 2021</b>	<b>35,623</b>	<b>4,771</b>	<b>40,394</b>
<b>Depreciation</b>			
At 1 August 2020	13,306	3,746	17,052
Charge for the year	905	326	1,231
<b>At 31 July 2021</b>	<b>14,211</b>	<b>4,072</b>	<b>18,283</b>
<b>Net book value at 31 July 2021</b>	<b>21,413</b>	<b>699</b>	<b>22,111</b>
Net book value at 31 July 2020	22,249	863	23,112

The College's policy is to carry all assets at historic cost, except for inherited assets which are included on the balance sheet at valuations existing at 31 July 1999. The assets were valued on incorporation and have not been updated since.

If inherited land and buildings had not been valued, they would have been included at zero cost and zero net value based on cost.

No assets are held under finance leases.

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**11 Trade debtors and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade receivables	205	63
Prepayments and accrued income	165	396
Other Debtors	14	22
<b>Total</b>	<b><u>384</u></b>	<b><u>481</u></b>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**12 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loans repayable within one year	172	172
Trade payables	431	170
Other taxation and social security	405	480
Other creditors	879	205
Accruals and deferred income	482	1,042
Accruals - holiday pay	486	486
Deferred income - government capital grants	213	459
Amounts owed to the ESFA	-	-
<b>Total</b>	<b><u>3,068</u></b>	<b><u>3,014</u></b>

**13 Creditors: amounts falling due after one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	2,247	2,419
Deferred income - government capital grants	2,797	2,758
<b>Total</b>	<b><u>5,044</u></b>	<b><u>5,177</u></b>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**14 Maturity of debt**

**(a) Bank loans and overdrafts**

Other loans	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	172	172
Between one and two years	178	172
Between two and five years	2,070	2,248
<b>Total</b>	<b><u>2,420</u></b>	<b><u>2,592</u></b>

An unsecured bank loan was taken out with Lloyds Bank in 2017 to support the phase one of the college campus re development strategy, the total availability at that date was £3,000,000. The next review date of the loan facility is 31 December 2022.

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**15 Provisions**

	<b>Defined benefit Obligation £'000</b>	<b>Total £'000</b>
At 1 August 2020	9,694	9,694
Expenditure in the period		
Transferred from income and expenditure account	1,042	1,042
<b>At 31 July 2021</b>	<b><u>10,736</u></b>	<b><u>10,736</u></b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 21.

**16 Cash and cash equivalents**

	<b>At 1 August £'000</b>	<b>Cash £'000</b>	<b>At 31 July £'000</b>
Cash and cash equivalents	4,632	4,605	9,237
<b>Total</b>	<b><u>4,632</u></b>	<b><u>4,605</u></b>	<b><u>9,237</u></b>

**17 Capital commitments**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**18 Lease Obligations**

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Other</b>		
Not later than one year	65	121
Later than one year and not later than five years	113	225
Total lease payments due	<u>178</u>	<u>346</u>

**19 Contingent liabilities**

The Corporation has assessed that there are contingent liabilities at the year end .

**20 Events after the reporting period**

There are no events after the reporting period which require disclosure .



**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**21 Defined benefit obligations**

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

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 and of the LGPS 31 March 2019.

<b>Total pension cost for the year</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme: contributions paid	993	1,011
Local Government Pension Scheme:		
Contributions paid	371	343
FRS 102 (28) charge	<u>867</u>	<u>711</u>
	1,238	1,054
Charge to the Statement of Comprehensive Income	<u><b>2,231</b></u>	<u><b>2,065</b></u>
<b>Total Pension Cost for Year within staff costs</b>	<u><b>2,231</b></u>	<u><b>2,065</b></u>

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £161k (2019: £203k ) were payable to the schemes and are included in creditors.

**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 (the Department 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 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

## Newham Sixth Form College Notes to the Accounts (continued)

### 21 Defined benefit obligations (continued)

#### FRS 102 (28)

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

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.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Newham. The total contribution made for the year ended 31 July 2021 was £542,000, of which employer's contributions totalled £371,000 and employees' contributions totalled £171,000. The agreed contribution rates for future years are 14.2 % for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by a qualified independent actuary

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.80%	3.50%
Future pensions increases	2.80%	2.40%
Discount rate for scheme liabilities	1.60%	2.10%
Inflation assumption (CPI)	2.80%	2.40%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2021	At 31 July 2020
	years	years
<i>Retiring today</i>		
Males	21.00	21.30
Females	23.80	23.30
<i>Retiring in 20 years</i>		
Males	22.40	21.90
Females	25.30	24.30

#### Sensitivity analysis

	At 31 July 2021	At 31 July 2020
	£'000	£'000
Discount rate +0.1%	(646)	(578)
Discount rate -0.1%	664	406
Mortality assumption – 1 year decrease	(1,119)	(992)
Mortality assumption – 1 year increase	1,171	999
Pension increases +0.1%	613	539
Pension increases -0.1%	(598)	(553)
Salary Increases +0.1%	42	(36)
Salary Increases -0.1%	(42)	36

**Newham Sixth Form College  
Notes to the Accounts (continued)**

**21 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

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

	<b>Fair Value £'000</b>	<b>Fair Value £'000</b>
Equities	10,002	8,858
Bonds	2,501	2,215
Property	1,471	1,303
Cash	735	651
<b>Total market value of assets</b>	<b><u>14,709</u></b>	<b><u>13,027</u></b>

<b>Actual return on plan assets</b>	<b><u>1,696</u></b>	<b><u>(514)</u></b>
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The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	<b>2021 £'000</b>	<b>2020 £'000</b>
Fair value of plan assets	14,709	13,027
Present value of plan liabilities	<u>(25,445)</u>	<u>(22,721)</u>
<b>Net pensions (liability)/asset</b>	<b><u>(10,736)</u></b>	<b><u>(9,694)</u></b>

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	1,238	1,054
Past service cost	-	-
<b>Total</b>	<b><u>1,238</u></b>	<b><u>1,054</u></b>

**Amounts included in investment income**

Net interest cost	140	(31)
	<b><u>140</u></b>	<b><u>-31</u></b>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	1,521	730
Changes in assumptions underlying the present value of plan liabilities	<u>(1,556)</u>	<u>(3,153)</u>
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>(35)</u></b>	<b><u>(2,423)</u></b>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**21 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

**Movement in net defined benefit (liability/asset) during the year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(9,694)	(7,209)
Movement in year:		
Current service cost	(1,238)	(1,054)
Employer contributions	371	343
Net interest on the defined (liability)/asset	(140)	31
Actuarial gain or loss	(35)	(1,805)
<b>Net defined benefit (liability)/asset at 31 July</b>	<b><u>(10,736)</u></b>	<b><u>(9,694)</u></b>

**Asset and Liability Reconciliation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	22,721	20,701
Current Service cost	1,238	1,054
Interest cost	315	442
Contributions by Scheme participants	171	155
Experience gains and losses on defined benefit obligations	(435)	(999)
Changes in financial assumptions	2,302	3,153
Changes in demographic assumptions	(311)	(1,363)
Estimated benefits paid	(556)	(422)
Past Service cost	-	-
<b>Defined benefit obligations at end of period</b>	<b><u>25,445</u></b>	<b><u>22,721</u></b>

**Reconciliation of Assets**

<b>Fair value of plan assets at start of period</b>	13,027	13,492
Interest on plan assets	175	291
Return on plan assets	1,521	(805)
Employer contributions	371	343
Contributions by Scheme participants	171	155
Estimated benefits paid	(556)	(449)
<b>Fair value of plan assets at end of period</b>	<b><u>14,709</u></b>	<b><u>13,027</u></b>

**Newham Sixth Form College**  
**Notes to the Accounts (continued)**

**22 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was £nil (2019-20: £nil). This represents travel and subsistence expenses incurred in attending Governor meetings and events in their official capacity.

No Governor has received any remuneration or waived payments from the College .

**23 Amounts disbursed as agent**

**Learner support funds**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
16-18 Bursary Grants	608	582
Other Funding body grants ( Free Meals )	-	-
Interest earned	-	-
	<u>608</u>	<u>582</u>
Disbursed to students	(580)	(526)
Administration costs	(28)	(38)
Balance unspent as at 31 July, included in creditors	<u><u>-</u></u>	<u><u>18</u></u>

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