NATIONAL
COLLEGE
CREATIVE
INDUSTRIES

Annual Report and Financial Statements
for the Year ended 31 July 2018

Contents

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2017/18 and up to the date of signing the accounts:

Sue Dare, Principal and CEO; Accounting Officer (from 1 September 2018)

David Pitcher, Interim Principal and CEO; Accounting Officer (1 March to 31 July 2018)

Jane Button, Principal and CEO; Accounting Officer (to 28 February 2018)

Felix Adenaike, Interim Vice Principal Finance

Elaine Kelt, Vice Principal Curriculum (from 2 February 2018)

Board of Governors

A full list of Governors is given on page 14 and 15 of these financial statements.

Mr Keith Arrowsmith acted as Clerk up to 11 September 2017.

Ms Melissa Drayson acts as Clerk from 11 September 2017.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers:

Barclays Bank, Southwark 2, Leicestershire, LE87 2BB

Solicitors:

Counterculture Partnership LLP, Unit 115 Ducie House, Ducie Street, Manchester, M1 2JW

NCCI

Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The Governing Body present their report and the audited financial statements for the period ended 31 July 2018.

Legal status

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

The Corporation was incorporated as National College for the Creative and Cultural Industries on 1 September 2016, known as National College Creative Industries (or NCCI).

The Corporation has one wholly owned subsidiary company, The Backstage Centre Limited (or Backstage Centre).

Mission

In September 2016, the Governing Body adopted the following mission statement:

'We will be the UK's definitive creative learning environment delivering the best industry-focused skills training for the creative and cultural sector'

Public Benefit

The National College Creative Industries 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. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 and 15.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. 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 and learning
- Widening participation and tackling social exclusion
- Employment opportunities for young people and adults
- Strong student support systems
- Excellent links with employers, industry and commerce.

The delivery of public benefit is covered in more detail throughout this report.

Report of the Governing Body (continued)

Implementation of strategic plan

In February 2018, the College revised its business plan for the period 2018 to 2021 based on a national 'hub and spoke' model, built to serve demand and growing career opportunities around industry clusters. The Governing Body monitors the performance of the College against the performance indicators in the plan which will be reviewed and updated each year. A revised financial plan underpins the new business plan. The College's continuing strategic objectives are to:

- Deliver employer-led, work-focused training to over 1,000 people a year, creating the next generation of skilled workers in areas of specific need;
- Lead national and international initiatives to take new standards of technical and professional training to where the needs are in the global marketplace;
- Diversify the workplace, working with employers to provide opportunities for over 20,000 young people a year to increase their awareness of careers in the industry, and providing the appropriate level of support for students from under-represented backgrounds;
- Establish and sustain an agile curriculum development process that responds to the needs and anticipated future needs of employers;
- Be a high-performing, sustainable organisation delivering outstanding outcomes responsive to employer needs.

The College aims to achieve these targets by 2021 when it reaches a steady state of operation and has developed annual milestones for monitoring progress towards achieving the targets. The College's key performance targets for 2017/18 and achievement of those targets are summarised later in this report.

Curriculum objectives

The creative sector is an identified priority in the 2017 Government Industrial strategy. The strategy makes the point that the UK's world-class creative industries are growing at twice the rate of the economy as a whole and are heavily reliant on STEM skills. The strategy states that: The creative industries sector, which makes up over five per cent of the UK economy and employs more than two million people, is one of the fastest growing and contributes £87bn of GVA.

As part of the Industrial Strategy Sir Peter Bazalgette has carried out a wide-ranging review which has highlighted the importance of 'Creative Clusters' echoing the hub and spoke approach of the NCCI. The Review discussed a range of measures to attract, develop, and retain the talent it needs, including an industry-led careers strategy and to explore opportunities to work with the Institute for Apprenticeships to prioritise apprenticeship standards development for the creative industries in areas where they are experiencing skills gaps and shortages.

The aims to deliver high-level technical training to thousands of learners across England by providing an employer-led, work focused curriculum for 16-18 learners and adults developing skills at technical and higher levels through full time education, apprenticeships and responsive training for employers.

On reaching steady state by 2021 the College plans to have over 1,000 learners: with the vast majority on apprenticeships and adults on advanced or higher-level courses designed for learning loans.

The College offer has three main routes, of which some of the constituent elements are in development:

- **Technical production:** leading to work behind the scenes in music, live events, theatre, opera and dance, broadcasting, film;

- **Audience and participation:** leading to work in connective creative and cultural outputs to customers and communities;

- **Operation:** leading to work in portal management of creative organisations, ranging from office management to ticketing and box office to duty management and facilities managers.

From September 2016, the College offered a pilot Level 4 Professional Diploma in Technical and Production Practice for Creative Industries and delivered apprenticeships which were inherited from CCSkills Limited, the founding organisation on 31 January 2017. The College is the only provider in the country to deliver the new L3 Apprenticeship Standards in Creative Venue Technician and is positioned to be the sole deliverer of the Live Events Technician Standard once approved. CCSkills Limited initially held the apprenticeships funding contract with the ESFA whilst the College established its systems and delivery operations. In addition, CCSkills Limited made a gift of its subsidiary company, Backstage Centre Limited, to the College. The National College commercially operates The Backstage Centre in Purfleet, Essex, a purpose-built facility for technical theatre and live events training and rehearsal space. This is a wholly owned subsidiary of the College which provides the College with space and specialist facilities for delivery of education and training.

The apprenticeship offer is currently at Levels 2 and 3 and plans are underway for developing Level 4 higher apprenticeships. The College currently has a modest national reach working with employers and apprentices in London and other locations including Cambridge, Hertfordshire, Portsmouth, Manchester, Liverpool and Leeds.

The curriculum offer comprises four main elements: 16 to 19 grant funding for learners aged 16 to 18 at the beginning of their courses, Apprenticeships funding mainly through the Levy for 16 to 19 and 19+ apprentices, as well as some subcontracted funding for SME apprentices and FE loan provision. In addition, the Backstage Centre generates commercial income as well as supporting the work-focussed curriculum model.

Financial objectives

The College's financial objectives are to:

- Build financial strength and sustainability.

- Maintain focus on strong financial management.

- Focus investment in people and infrastructure.

- Maintain the confidence of stakeholders.

A series of performance indicators have been agreed as outlined in the financial plan to monitor the successful implementation of these priorities.

Performance indicators

The College measures its performance against the following performance indicators set out under the main headings comprising: Quality of learning and Finance:

Key performance Indicator	Target by 2021	Target for 2017/18	Actual for 2017/18	Variance 2017/18
QUALITY OF LEARNING:				
Student achievement rates: classroom	100%	86%	50%	-36%
Apprenticeships achievement rates timely	75%	60%	58%	-2%
Apprenticeships achievement rates: overall	80%	65%	72%	+7%
Student attendance	90%	80%	74%	-6%
FINANCE:				
Operating surplus / deficit (£000)	46	(462)	(612)	(150)
EBITDA as % of income	7%	-24%	-46%	-22%
Staff costs as % of income	51%	78%	71%	+7%
Cash days in hand	25	18	10	-8
Borrowing as % of income	17%	70%	80%	-10%
Financial Health Score	130	60	60	On target
Financial Health	Satisfactory	Inadequate	Inadequate	On target

The College has missed the majority of its performance target due to the operating challenges during the year which are being addressed through a revised strategy developed in February 2018 with a greater emphasis on apprenticeships delivery and improved management capacity.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency which is included in the sector financial benchmark data. The College has self-assessed itself as 'Inadequate' and expects the Education and Skills Funding Agency to confirm this financial health rating late in 2018 as part of its assessment of the FE sector financial health assessment.

FINANCIAL POSITION

Financial results

The College Group generated an operating deficit in the year of £612,483 which was also the total comprehensive income for the year.

The Group has an accumulated reserves deficit of £777,504 and cash balances of £33,405. The Group aims to accumulate reserves and cash balances to fund long-term development and infrastructure costs.

Tangible fixed assets were the Backstage Centre leasehold building and equipment at combined book value of £5,268,519 gifted to the College by CCSkills Limited on 31 January 2017 and intangible assets of £123,558.

The Group's revenue plan is significantly reliant on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 the FE funding body provided 51% of the Group's total income and this is planned to increase to 70% when the College is fully operational.

The College has one subsidiary company, Backstage Centre Limited, which was gifted by CCSkills Limited on 31 January 2017. The principal activity of Backstage Centre Limited is the rental of space for technical theatre and live events training and rehearsal. The company generated a deficit of £84,268 included in the group results.

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. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the financial memorandum with the Education and Skills Funding Agency. The College currently holds all its cash in a current account as there are no surplus funds available for placement on deposit.

Cash flows and liquidity

Net cash outflow from operating activities of £704,047 was as expected in the prevailing start-up period. The net cashflow included the receipt of a new Working Capital Loan of £745,000 from DFE. This additional secured loan was to help finance the ongoing start-up operations. The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and has plans to ensure 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 a deficit of £777,504. It is the Governing Body' intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses when the operations reach a steady state.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

In addition to the operating deficit this year, the College is forecasting further operating deficits over the next three-year period it is developing its learner number base and sufficient income to deliver surpluses. The forecast deficits and impact on cash coupled with the relatively high level of gearing result in an 'Inadequate' financial health score over this period.

The year-end cash balance was £33,405 and cashflow will remain stable over the next year with further Working Capital Loans and grant funding support agreed with DfE for the year to 31 July 2019. Funding support post July 2019 remains under consideration and subject to the delivery of the key milestones in the business plan. In the new year, the College will evaluate options for delivering its business plan including partnerships and other forms of delivery structures.

Student numbers

In 2017/18 the College has delivered activity that has produced £784,626 in grant and student loan support. The College offered courses to 109 learners of which 2 were funded or eligible for advanced learner FE loans. 87 learners were on apprenticeships programmes.

Student achievements

Success rates in the year were:

- Level 4 Diploma (UAL): 67%
- Apprenticeships: 58% timely and 72% overall.

Achievement for full-time adults is high but outcomes for apprenticeships are not yet consistent. Timely achievement across apprenticeship frameworks is too low and is below the national average as is overall apprenticeship achievement. The achievement of ICT functional skills which is a mandatory component of the College's apprenticeship framework offer is not consistently good and is not systematically delivered to ensure that not only do students pass it, but they pass it in a timely manner. The College has a new quality improvement plan in place to rapidly improve the on-programme experience and outcomes for all learners.

Curriculum developments

The College aims to build a national reputation for curriculum innovation and change. In September 2016, it launched the pilot of the Level 4 Professional Diploma in Technical and Production Practice for Creative Industries and during 2017/18 it was the only training provider delivering apprenticeships Standards in Creative Venue Technician and was closely involved with the development of new Standards for Live Event Technician.

The apprenticeships offer is currently at Levels 2 and 3 with plans for developing Level 4 higher apprenticeships. In addition, curriculum standards are in development with employers on Events Assistant, Customer Service (Ticketing) and Customer Service (Front of House) and Live Events Rigger. The offer to Levy payers also includes administration, marketing and team leading with developments leading to leadership and management designed specifically for the creative and cultural sector.

The quality of teaching, learning and assessment is still to improve in order to be consistently good and outstanding. The College as part of its improvement plan is placing a clear focus on teaching and learning improvement strategies that will systematically acknowledge and share best practice and inform continuous professional development. Teaching, learning and assessment is still in development but will improve the teaching and assessment practice to go alongside the high levels of industrial knowledge and input learners receive.

The development of learners' practical skills and their demonstration and application of these skills is strong. Learners benefit from the close working and partnerships with industry. This also helps to develop their employability skills and their understanding of the industry's requirements and how it works.

The self-assessed judgements on quality of provision is subject to a full OFSTED inspection expected within the next 18 months.

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. During the accounting period 1 August to 31 July 2018, the College was unable to meet this target and had to renegotiate payment due dates with its larger suppliers. The College incurred interest charges of £425 in respect of late payments for this year.

Events after the end of the reporting period

The new business plan approved by the Governing Body in February 2018 is grounded on an income generation model focused largely on apprenticeship provision. The plan requires additional working capital support from the DfE to address cash deficits identified over the next three years. The College has secured two loans from the DfE - £650,000 Working Capital Loan in August 2017 and a further £600,000 agreed in July 2018, payable to the College in instalments from July 2018 to January 2019. In December 2018, the DfE agreed a £600,000 grant funding payable in instalments by July 2019.

The repayment profile of the two loans with DfE was revised in December 2018 with the original repayment start date of March 2019 being deferred to March 2023. In addition, discussions are underway to revise the repayment profile of the CCSkills loan.

Further decisions on loan or grant funding is dependent on the College's performance against the achievement of learner numbers and financial indicators in the business plan. Year to date learner numbers and associated financial outturn for 2018/19 financial show an improving picture on 2017/18 but there are ongoing risks the College is actively managing to ensure that the budget is achieved.

Future prospects

The College's financial stability depends on income generation through the rapid development of its learner numbers over the next three years. Achieving the planned learner numbers will secure cash inflows from operating activities, enabling ongoing investment, the serving of debts and creation of reserves over time. This will address the College's cashflow needs and ensure it is able to gradually reduce the reliance on DfE funding support.

The strategic marketing plan and employer engagement will secure the planned growth in student and apprenticeship numbers. The strategy is focused on a range of effective ways of stimulating demand locally and nationally and reaching the identified market segments. The marketing strategy draws on insight from in-depth analysis of demographics and skills demand.

RESOURCES

The College has resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the Backstage Centre which is the main college site and state-of-the-art production facilities.

Financial

The College has £777,504 of net liabilities but this is planned to improve over time into a net asset position. The net liabilities include £5,945,541 long term debt.

People

Apart from the principal who is the only direct employee of the College, the College has 22 employees (expressed as full-time equivalents) employed through its subsidiary company, of whom 10 are teaching staff.

Reputation

The College is governed by industry leaders and has a built a good reputation with its inaugural student intake, parents and employers locally and nationally. Growing and maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has worked during the year to further develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the business plan, the college management and governors undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the annual appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the college management and governors will also consider any risks which may arise because of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Next year, this will be supported by a risk management training programme to raise awareness of risk throughout the College.

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

1 Government

The College has considerable reliance on continued government funding through the Education and Skills Funding Agency. In 2017/18, 51% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Several issues continue to impact on future funding, including the impact of apprenticeships reform. The College is developing a strategy for growth in response to the apprenticeships reform. The College is seeing significant opportunities to work with larger employers as the introduction of the apprenticeship levy is significantly affecting the marketplace. However, the full implications are still emerging as government policy continues to develop. The policy on national colleges particularly as it relates to start-up funding carries significant risks.

The College has secured its first ESFA funding contract for 16 - 19 learners in 2017/18 and has plans to enrol 128 16 - 19 learners and 620 apprentices by September 2021 in a highly competitive market. The development of student numbers and associated government funding is a significant risk. These risks are mitigated in several ways:

- Considerable focus and investment on marketing and student recruitment.
- Ensuring the College is rigorous in delivering high quality education and training.
- Focusing on the priority groups which will continue to benefit from public funding.
- Deriving funding from several direct and indirect contractual arrangements.
- Prioritising the delivery of levy contracted apprenticeships.
- Delivering apprenticeships to non-ley employers through partnerships.
- Considerable investment in maintaining and managing key relationships with the funding body and other key partners.

2 Cashflow

Cash balance was £33,405 at 31 July 2018 and the profile for 2018/19 is expected to be generally stable with receipts of further Working Capital Loans and grant funding support from the DfE. The additional funding support required after July 2019 is subject to further consideration by DfE and the successful delivery of the key performance indicators in the business plan. In addition, the College is considering options for delivering its business plan including partnerships and other forms of delivery structures.

3 Learner numbers

Substantial growth apprenticeships provision and classroom student numbers underpin the Colleges business strategy. This presents a high level of risk in a very competitive further education landscape and a number of uncertainties for businesses post Brexit. The risk for the College is that enrolments fall as the cost of tuition increases in line with the reductions in government funding and employers' contributions. This will impact on the growth strategy of the College. This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses.
- Strategic collaborations with other training providers.

4 Quality of provision

The quality of learning and student outcomes is keys if the College is to compete and achieve its student number targets. Outstanding provision in a unique setting and links with industry will help set apart the College's provision. The risk for the College is that demand falls off if the quality of provision does not differentiate it from other further education colleges.

This risk is being mitigated by:

- Rigorous Quality Improvement Plan.
- Regular benchmarking of quality of delivery against the best providers in the creative industries.
- Employer driven curriculum.
- Regular feedback from students and employers.
- Engagement of industry practitioners in the delivery of provision.

5 Financial viability

The College's current financial health grade is assessed as 'Inadequate' largely due to its start-up status, planned operating deficits and high level of debts in its first few years of trading. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By robust plans to deliver the planned apprentice and student numbers.
- Rigorous budget setting procedures and sensitivity analysis.
- Regular in year budget monitoring.
- Robust financial controls.
- Exploring ongoing procurement efficiencies.

STAKEHOLDER RELATIONSHIPS

In line with other colleges, National College Creative Industries has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- Staff;
- Local and national employers (with specific links);
- Local authorities;
- South East Local Enterprise Partnerships;
- The local community;
- Other FE institutions;
- Professional bodies.

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

The College did not carry out fund raising activities during the year.

Equality

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

This policy is resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the College's Intranet site.

The College is committed to publishing 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.

Report of the Governing Body (continued)

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

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

a) Access is major part of the College's property strategy. Experts in this field have input into the new build plans with the aim of improving access.

b) There is a list of specialist equipment which the College can make available for use by students and a range of assistive technology is available if needed.

c) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

d) The College has access to specialist lecturers to support students with learning difficulties and/or disabilities. There is a student support assistant who can provide a variety of support for learning.

e) 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.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college. The College does not have any Trade Union representation, therefore the facility time is nil.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 19th December 2018 and signed on its behalf by:

Althea Efunshile CBE

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2017 to 31st July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ('the Code')

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the period ended 31 July 2018. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a duty to observe the highest standards of corporate governance always.

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.

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.

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance 2017/18
Jane Button	01/09/2016	Ex-officio	02/02/2018	Principal	Standards, Finance	6/6
Kim Bromley-Derry	02/09/2016	3 years		External	Audit, Remuneration, Development	4/13
Sue Dare	01/09/2018	Ex officio		Interim Principal	Standards, Finance	2/2
Marcus Davey	11/04/2017	3 years		External		6/9
Althea Efunshile	02/09/2016	3 years		External	Chair: Corporation; Chair: Search; Remuneration	9/9
Alex Fowles	13/07/2017	3 years		External	Audit, Finance, Remuneration	16/17
Jamie Jefferson	02/09/2016	3 years		External		7/10
Catherine Large	02/09/2016 01/09/2018	2 years 3 years		External	Standards	11/11
Samantha Padolino	04/10/2018	3 years		External co-opted member	Audit	0/0
Claire Paul	02/09/2016 01/09/2018	2 years 3 years		External	Standards	8/11

David Pitcher	02/02/2018		31/07/2018	Interim Principal	Standards Finance	10/10
Fern Potter	13/07/2017	3 years		External	Development Committee	6/9
Bryan Raven	02/09/2016	3 years		External	Vice Chair: Corporation; Audit	18/18

Melissa Drayson acts as Clerk to the Corporation, since September 2017.

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

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

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

National College Creative Industries
The Backstage Centre
High House Production Park
Vellacott Close, Purfleet
Essex
RM19 1RJ

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

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

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

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

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

Appointments to the Corporation

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

Statement of Corporate Governance and Internal Control (continued)

Members of the Corporation are appointed for a term of office not exceeding four years. No member shall normally serve for more than eight years in total.

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2018 and graded itself as 'Good' on the Ofsted scale.

Remuneration Committee

Throughout the year ending 31 July 2018 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2018 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) plus a co-opted finance specialist. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

Management is responsible for the implementation of agreed audit recommendations and reports to the Audit Committee on progress made in implementing such recommendations.

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

Finance and Resources Committee

Throughout the year ending 31 July 2018 the Finance and Resources Committee comprised four members of the Corporation, including the Principal and Chief Executive. The Committee meets every six to eight weeks to monitor the college's financial position, oversee the effective and efficient use of resources and to make recommendations to the Corporation accordingly.

Standards Committee

The Standards Committee comprises three governors, including the Principal and Chief Executive, plus one co-opted member. The Committee meets termly. Its role is to monitor the quality and teaching, learning and the student experience at the College, on behalf of the Corporation, and to oversee the curriculum planning process.

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 she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between National College Creative Industries and the Education and Skills Funding Agency. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Statement of Corporate Governance and Internal Control (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 National College Creative Industries for the year ended 31 July 2018 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 ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2018 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. It includes:

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

National College Creative Industries has not appointed an internal audit service for the period ended 31 July 2018. For that period, the College management and Governors have assessed the internal controls drawing on the work of the external auditors and focused internal reviews. In the new financial year, the College Management and Governors are developing a Board Assurance Framework that will clearly show the mapping of assurance sources against the risks identified.

Review of effectiveness

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

- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance in their management letter.

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

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

Statement of Corporate Governance and Internal Control (continued)

At its December 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and external audit and taking account of events since 31 July 2018.

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

Going concern

As fully described in Note 1, the Corporation has identified matters that raise substantial doubt about the College's ability to fully implement its medium to long term business objectives and is actively taking steps to mitigate the risks associated with cash shortfalls, loan restructuring and planned growth in income. Consequently, 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.

Approved by order of the members of the Corporation on 19th December 2018 and signed on its behalf by:

Sue Dare

Ms A Efunshile CBE	Ms S Dare
Chair	Accounting Officer

Statement of Regularity, Propriety and Compliance

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

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 financial memorandum with the ESFA.

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

Sue Dare

Ms S Dare

Accounting Officer

19th December 2018

Ms A Efunshile

Chair of Governors

19th December 2018

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial period.

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial period in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2017 to 2018* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that period.

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

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

The Corporation is also required to prepare a Report of the Governing Body 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 College.

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 the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 19th December 2018 and signed on its behalf by:

Ms A Efunshile

Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF NATIONAL COLLEGE FOR THE CREATIVE INDUSTRIES

Opinion

We have audited the financial statements of National College for the Creative and Cultural Industries (the "College") and its subsidiary (the "Group") for the year ended 31 July 2018 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2018 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the accounting policies in note 1 of the financial statements, which states that decisions on future loans and grant funding, are dependent on the College's performance in relation to achievement of learner numbers and financial indicators in the business plan. This indicates a material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2017 to 2018 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF NATIONAL COLLEGE FOR THE CREATIVE INDUSTRIES

Responsibilities of the Corporation of National College for Creative and Cultural Industries
As explained more fully in the Statement of the Corporation's Responsibilities set out on page 20, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 14 December 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

Date 20 December 2018

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Consolidated Statements of Comprehensive Income

For the year ended 31 July 2018

	Notes	Year ended 31 July		Period ended 31 July	
		2018	2018	2017	2017
		Group	College	Group	College
		£	£	£	£
INCOME					
Funding body grants	2	784,626	668,586	126,496	65,687
Tuition fees and education contracts	3	3,995	3,995	62,429	62,429
Other grants and contracts	4	-	-	243,000	243,000
Other income	5	523,578	33,710	452,398	28,912
Endowment and investment income	6	25	-	13	-
Total income		**1,312,224**	**706,291**	**884,336**	**400,028**
EXPENDITURE					
Staff costs	7	938,010	778,018	399,011	327,282
Other operating expenses	8	855,711	433,073	456,754	179,679
Depreciation and amortisation	12, 13	106,492	7,823	62,206	2,607
Interest and other finance costs	10	24,494	15,592	4,273	-
Cost of acquisition of subsidiary company	9	-	-	127,113	-
Total expenditure		**1,924,707**	**1,234,506**	**1,049,357**	**509,568**
Deficit before other gains and losses		**(612,483)**	**(528,215)**	**(165,021)**	**(109,540)**
Deficit before tax		**(612,483)**	**(528,215)**	**(165,021)**	**(109,540)**
Taxation	11	-	-	-	-
Deficit for the period		**(612,483)**	**(528,215)**	**(165,021)**	**(109,540)**
Total Comprehensive Income for the period		**(612,483)**	**(528,215)**	**(165,021)**	**(109,540)**

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Consolidated and College Statement of Changes in Reserves

For the year ended 31 July 2018

	Income and Expenditure account	Total
	£	£
Group		
Balance at 1st September 2016	-	-
Deficit from the income and expenditure account	(165,021)	(165,021)
Balance at 31st July 2017	**(165,021)**	**(165,021)**
Balance at 1st August 2017	(165,021)	(165,021)
Deficit from the income and expenditure account	(612,483)	(612,483)
Total comprehensive income for the period	**(612,483)**	**(612,483)**
Balance at 31st July 2018	**(777,504)**	**(777,504)**
College		
Balance at 1st September 2016	-	-
Deficit from the income and expenditure account	(109,540)	(109,540)
Balance at 31st July 2017	**(109,540)**	**(109,540)**
Balance at 1st August 2017	**(109,540)**	**(109,540)**
Deficit from the income and expenditure account	(528,215)	(528,215)
Total comprehensive income for the period	**(528,215)**	**(528,215)**
Balance at 31st July 2018	**(637,755)**	**(637,755)**

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Balance Sheets as at 31 July 2018

	Notes	Group	College	Group	College
		2018	2018	2017	2017
		£	£	£	£
Fixed assets					
Tangible fixed assets	12	5,268,519	-	5,367,188	-
Intangible assets	13	123,558	123,558	28,683	28,683
Investments	14	-	1	-	1
		5,392,077	**123,559**	**5,395,871**	**28,684**
Current assets					
Trade and other receivables	15	419,253	172,629	333,620	60,861
Cash and cash equivalents	19	33,405	4,151	139,618	124,223
		452,658	**176,780**	**473,238**	**185,084**
Less: Creditors – amounts falling due within one year	16	(676,698)	(268,094)	(592,548)	(323,308)
Net current liabilities		**(224,040)**	**(91,314)**	**(119,310)**	**(138,224)**
Total assets less current liabilities		**5,168,037**	**32,245**	**5,276,561**	**(109,540)**
Less: Creditors – amounts falling due after more than one year	17	(5,945,541)	(670,000)	(5,441,582)	-
Total net liabilities		**(777,504)**	**(637,755)**	**(165,021)**	**(109,540)**
Unrestricted reserves					
Income and expenditure account		(777,504)	(637,755)	(165,021)	(109,540)
Revaluation reserve	22	-	-	-	-
Total unrestricted reserves		**(777,504)**	**(637,755)**	**(165,021)**	**(109,540)**
Total reserves		**(777,504)**	**(637,755)**	**(165,021)**	**(109,540)**

The financial statements on pages 23 to 39 were approved and authorised for issue by the Corporation on 19th December 2018 and were signed on its behalf on that date by:

A Efunshile
Chair

S Dare
Accounting Officer

Consolidated Statement of Cash Flows

For the year ended 31 July 2018

	Notes	Year ended 31 July 2018 £	Period ended 31 July 2017 £
Cash inflow from operating activities			
Deficit for the period		(612,483)	(165,021)
Adjustment for non cash items			
Depreciation and amortisation		106,492	62,206
(Increase) in debtors		(85,633)	(220,025)
(Decrease) in creditors due within one year		(20,850)	432,552
(Decrease) in creditors due after one year		(116,041)	(176,849)
Expense incurred on acquisition of subsidiary		-	116,543
Adjustment for investing or financing activities			
Investment income		(25)	(13)
Interest payable		24,494	4,273
Net cash flow from operating activities		**(704,047)**	**53,666**
Cash flows from investing activities			
Investment income		25	13
Cash of subsidiary		-	10,569
Payments made to acquire intangible assets		(102,698)	(31,290)
		(102,672)	(20,708)
Cash flows from financing activities			
Interest paid		(24,494)	(4,273)
New unsecured loans		745,000	110,933
Repayments of amounts borrowed		(20,000)	-
		700,506	106,660
Increase in cash and cash equivalents in the year		**(106,213)**	**139,618**
Cash and cash equivalents at beginning of the year		139,618	-
Cash and cash equivalents at end of the year		**33,405**	**139,618**

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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 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2017 to 2018* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounting period is 12 months (11 months in the previous year as the College was incorporated on 1 September 2016).

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Backstage Centre Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2018.

Going concern

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

The College has £243,000 of loans outstanding with CCSkills Limited on terms negotiated in January 2017. The funding support identified in the College's business plan is being provided by DfE through a combination of loans and grant funding. The College has secured £1.25 million in Working Capital Loans from DfE of which £745,000 was received during the year and the remainder of £505,000 being drawn down in instalments from August 2018 to January 2019. In December 2018, the DfE agreed an additional £600,000 grant funding payable in instalments by July 2019. In addition, the original repayment profile of the DfE loans was revised in December 2018 with the original repayment start date of March 2019 deferred to March 2023. Discussions are also underway to revise the repayment profile of the CCSkills loan.

Further decisions on loan or grant funding is dependent on the College's performance in relation to the achievement of learner numbers and financial indicators in the business plan.

The combination of negative cashflows from August 2019, loan restructuring plans and planned income based on new markets raise a substantial doubt about the College's ability to successfully implement its medium to long term business plans. Student recruitment has been lower than planned, and therefore highlights that there is a chance that the target levels included in the business plan may not be met. Essential future funding is dependent upon the College demonstrating a good level of performance against this business plan, therefore there is a material uncertainty that casts significant doubt over the ability to continue as a going concern. However, the board of governors are taking steps to mitigate the uncertainties by engaging actively with CCSkills Limited, DfE and ESFA regarding these matters as well as exploring alternative structures including strategic partnerships. Therefore, there is a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, and for this reason is adopting the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement of the agreed funding levels 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.

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

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

Capital grant funding

Capital grants from government and charitable donors are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102.

Fee income

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

Investment income

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

Other income

All other income is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by a private pension scheme which is a defined contribution plan funded by the College and its employees. Contributions are recognised in the income statement in the periods during which services are rendered by employees.

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. All employment benefits are incurred by the subsidiary company and recharged to the College.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Long Leasehold – 125 years the period of the lease
- Refurbishments – 10 years

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:

- technical equipment 6 years
- computer equipment 3 years
- fixtures and fittings 10 years
- furniture 5 years

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

Notes to the Accounts

Intangible assets

Intangible assets such as software developments costs costing more than £5,000 are capitalised at costs and depreciated on a straight-line basis over its remaining useful economic life as follows:

- website development 4 years
- Software 5 years

Additions of the EBS learner record system have not been amortised during year as the system is not yet in use.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

Investments

Investments in subsidiaries

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

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 instruments

Financial assets and liabilities 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 Group 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.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

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 group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

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Notes to the Accounts

2 Funding body grants

	Year ended 31 July		Period ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
Recurrent grants				
Education and Skills Funding Agency – 16 -18	510,413	510,413	-	-
Education and Skills Funding Agency - apprenticeships	158,173	158,173	65,687	65,687
Specific Grants				
Releases of government capital grants	116,040	-	60,809	-
Total	**784,626**	**668,586**	**126,496**	**65,687**

3 Tuition fees and education contracts

	Year ended 31 July		Period ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
Fees for FE loan supported courses	3,995	3,995	46,079	46,079
Total tuition fees	3,995	3,995	46,079	46,079
Education contracts			16,350	16,350
Total	**3,995**	**3,995**	**62,429**	**62,429**

4 Other grants and contracts

	Year ended 31 July		Period ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
UK based charities	-	-	243,000	243,000
Total	**-**	**-**	**243,000**	**243,000**

5 Other income

	Year ended 31 July		Period ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
Other income generating activities	523,578	33,710	423,486	-
Other grant income	-	-	10,890	10,890
Miscellaneous income	-	-	18,022	18,022
Total	**523,578**	**33,710**	**452,398**	**28,912**

6 Investment income

	Year ended 31 July		Period ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
Other interest receivable	25	-	13	-
	25	**-**	**13**	**-**

NCCI

Notes to the Accounts

7 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the College during the period, described as full-time equivalents, was:

	2018 Group No.	2017 Group No.
Teaching staff	10	10
Non teaching staff	12	8
	22	**18**

Staff costs for the above persons

	2018 Group £	2017 Group £
Wages and salaries	576,061	435,519
Social security costs	51,095	41,367
Other pension costs	27,579	17,857
Payroll sub total	**654,735**	**494,743**
Contracted out staffing services	283,275	283,275
	938,010	**778,018**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, interim Vice Principal Finance and interim Vice Principal Curriculum.

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

	2018 Group No.	2017 Group No.
The number of key management personnel including the Accounting Officer was:	3	3

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 2018 No.	2017 No.
£50,001 to £60,000	-	1
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£90,001 to £100,000	1	-
	3	**3**

The interim Vice Principal Finance was engaged on temporary agency contract at a total cost of £78,762.

7 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	Year ended 31 July 2018	Period ended 31 July 2017
	£	£
Salaries	145,570	159,536
Employers National Insurance	17,811	9,228
Compensation for loss of office	25,000	-
	188,381	**168,764**
Pension contributions	1,624	
Total emoluments	**190,005**	**168,764**

The compensation payment was a non-contractual severance payment.

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. Two people held the post of Chief Accounting Officer during the year.

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

	2018	2017
	£	£
Salaries (August 16 to July 2017)		75,000
Salaries (August 17 to February 2018)	81,827	
Salaries (March 2018 to July 2018)	37,575	
	119,402	**75,000**
Pension contributions	-	-

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 for three governors in the sum of £897 (2017: £72) incurred in the course of their duties.

8 Other operating expenses

	Year ended 31 July		Period ended 31 July	
	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
Teaching costs	48,375	48,375	32,935	32,935
Non teaching costs	596,845	334,633	307,262	141,881
Premises costs	210,491	50,065	116,557	4,863
Total	**855,711**	**433,073**	**456,754**	**179,679**

Deficit before taxation is stated after charging:	2018	2018	2017	2017
	Group	College	Group	College
	£	£	£	£
Auditors' remuneration:				
Financial statements audit	23	19	23	20
Other services provided by financial statements auditors	3	-	-	-
Hire of assets under operating leases	6	-	6	-

Notes to the Accounts

9 Acquisition expenses

	Year ended 31 July 2018		Period ended 31 July 2017	
	Total	Unrestricted Funds	Total	Unrestricted Funds
	£	£	£	£
Tangible fixed assets:				
Leasehold land and buildings	-	-	5,100,448	5,100,448
Fixtures and fittings	-	-	316,922	316,922
Cash	-	-	10,569	10,569
Current liabilities	-	-	27,555	27,555
Loans	-	-	152,000	152,000
Deferred capital grants	-	-	5,375,497	5,375,497
Net liabilities	-	-	**127,113**	**127,113**

On 31 January 2017, the College acquired the share capital of Backstage Centre Limited and became the sole member of the company taking full control of all of its trading activities and assets and liabilities at a cost of £127,113 being the excess of the fair value of the liabilities assumed over the fair value of the assets received.

The substance of the transfer is that of a gift and it has been accounted for on that basis. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net expenditure in the Statement of Comprehensive Income

10 Interest payable - Group and College

	Year ended 31 July 2018	Period ended 31 2017
	£	£
On bank loans, overdrafts and other loans:	24,494	15,592

11 Taxation - Group only

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The subsidiary undertaking made an operating loss of £84,268.

NCCI

Notes to the Accounts

12 Tangible fixed assets (Group)

	Land and buildings	Equipment	Total
	Long leasehold		
	£	£	£
Cost or valuation			
At 1 August 2017	5,112,196	314,591	5,426,787
At 31 July 2017	**5,112,196**	**314,591**	**5,426,787**
Depreciation			
At 1 August 2017	21,198	38,401	59,599
Charge for the year	42,362	56,307	98,669
At 31 July 2018	**63,560**	**94,708**	**158,268**
Net book value at 31 July 2018	**5,048,636**	**219,883**	**5,268,519**
Net book value at 31 July 2017	5,090,998	276,190	5,367,188

There were no tangible fixed assets belonging to the College as at 31 July 2018 (2017: nil).

13 Intangible fixed assets (College and Group)

	Intangible	Total
	£	£
Cost or valuation		
At 1 August 2017	31,290	31,290
Additions	102,698	102,698
At 31 July 2017	**133,988**	**133,988**
Depreciation		
At 1 August 2017	2,607	2,607
Charge for the year	7,823	7,823
At 31 July 2018	**10,430**	**10,430**
Net book value at 31 July 2018	**123,558**	**123,558**
Net book value at 31 July 2017	28,683	28,683

Additions in the year were in respect of the learner record system, EBS which was being implemented and not in use at year-end.

There were no tangible fixed assets belonging to the College as at 31 July 2018 (2017: Nil).

Notes to the Accounts

14 Non current investments (College only)

	College 2018 £	College 2017 £
Investments in subsidiary companies	1	1
Total	**1**	**1**

The College owns 100 per cent of the issued ordinary £1 shares of Backstage Centre Limited, a company incorporated in England and Wales. The principal business activity of Backstage Centre Limited is carrying out hiring of facilities and premises to the creative industry businesses.

15 Trade and other receivables

	Group 2018 £	College 2018 £	Group 2017 £	College 2017 £
Amounts falling due within one year:				
Trade receivables	163,873	434	132,533	3,131
Amounts owed by group undertakings:				
Subsidiary undertakings	-	67,746	-	-
Prepayments and accrued income	232,051	81,121	201,087	57,730
Other debtors	23,329	23,329	-	-
Total	**419,253**	**172,630**	**333,620**	**60,861**

16 Creditors: amounts falling due within one year

	Group 2018 £	College 2018 £	Group 2017 £	College 2017 £
Other loans	125,000	75,000	20,000	-
Trade payables	238,902	97,097	81,993	40,096
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	71,943
Other taxation and social security	29,133	-	67,425	-
Accruals and deferred income	142,623	70,997	199,555	103,734
Deferred income - government capital grants	116,040	-	116,040	-
Deferred income - other capital grants	25,000	25,000	25,000	25,000
Amounts owed to the ESFA	-	-	82,535	82,535
Total	**676,698**	**268,094**	**592,548**	**323,308**

17 Creditors: amounts falling due after one year

	Group 2018 £	College 2018 £	Group 2017 £	College 2017 £
Other loans	862,933	670,000	242,933	-
Deferred income - government capital grants	5,082,608	-	5,198,649	-
Total	**5,945,541**	**670,000**	**5,441,582**	**-**

On 31 January 2017, Creative and Cultural Skills Limited, the founding organisation for the National College Creative Industries made a loan of £262,933 to Backstage Centre Limited as part of the transfer of full ownership of the company to the College. The loan is repayable over 5 years each January from 2018 on an annual interest rate of 3% above the Bank of England base rate. Repayments were scheduled as follows: 2018: £20,000; 2019: £50,000; 2020: £60,000; 2021: £70,000 and 2022: £63,000. The balance on the loan was £242,933 on 31st July 2018.

18 Maturity of debt

Other loans

Other loans are repayable as follows:

	Group 2018 £	College 2018 £	Group 2017 £	College 2017 £
In one year or less	125,000	75,000	20,000	-
Between one and two years	260,000	200,000	50,000	-
Between two and five years	357,933	225,000	192,933	-
In five years or more	245,000	245,000	-	
Total	**987,933**	**745,000**	**262,933**	**-**

Other loans are made up of:

- CCSkills loan at 3% above Bank of England base rate, repayable by instalments falling due between 1 January 2019 and 1 January 2021 totalling £242,933 are secured on the Backstage Centre building.
- DfE loan at 3.6 per cent repayable annually from March 2023

19 Cash and cash equivalents

	At 1 August 2017 £	Cash flows £	Other changes £	At 31 July 2018 £
Cash and cash equivalents	139,618	(106,213)	-	33,405
Total	139,618	(106,213)	-	33,405

20 Capital commitments

	Group and College 2018 £'000	2017 £'000
Commitments contracted for at 31 July	41	-

The year-end balance was in relation to the EBS learner record system.

21 Financial instruments

The Group's principal financial instruments are cash at bank, trade receivables and other receivables as stated below at historical costs. The principal financial liabilities are loans, trade and other payables also stated at historical costs.

Financial assets at amortised cost:

	2018	2017
Trade debtors	163,873	132,533
Accrued income	60,667	90,224
Other debtors	23,329	
Total	**247,869**	**222,757**

Financial liabilities at amortised cost:

	2018	2017
Trade creditors	238,902	81,933
Other loans	125,000	20,000
Accruals	70,997	
LT loans	862,933	242,933
Total	**1,297,832**	**344,866**

22 Lease Obligations

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

	Group and College	
	2018	**2017**
	£	**£**
Future minimum lease payments due		
Other		
Not later than one year	5,726	5,726
	5,726	5,726
Total lease payments due	5,726	5,726

23 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 three Governors during the year was £897 (2017: £72). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year.

CCSkills – the founding charity for National College Creative Industries

CCSkills Limited sponsored and invested in the creation of the College as one of the five national colleges established to deliver the skilled workforce of the future by delivering high-level technical training to key growth areas in the UK economy. Since 31 January 2017, the College has operated independent of CCSkills Limited, but two organisations are located at the Backstage Centre and share certain admin services.

Cost recharges to CCSkills Limited in the year amounted to £45,722 (2017: £61,736). There was a sales ledger outstanding balance of £11,768 due from CCSkills at the year-end (2017: nil).

White Light Limited – a company in which Mr B Raven, a governor is a director.

Purchases at arm's length totalling £7,344 (2017: £636) took place. There were no amounts outstanding at year end (2017: nil).

Backstage Centre Limited

Backstage Centre Limited directly employs all staff with the exception of the Principal, on behalf of the College and recharged payroll costs of £654,735 (2017: £180,806) to the College during the period. In the same period the College charged Backstage Centre Limited £36,000 (2017: £18,000) in management fees.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE NATIONAL COLLEGE FOR THE CREATIVE AND CULTURAL INDUSTRIES AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 18 December 2018 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by The National College for the Creative and Cultural Industries during the period 1 August 2017 to 31 July 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of The National College for the Creative and Cultural Industries in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Corporation of The National College for the Creative and Cultural Industries for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE NATIONAL COLLEGE FOR THE CREATIVE AND CULTURAL INDUSTRIES AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

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 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
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Date 20 December 2018