

REGISTERED COMPANY NUMBER: 08800142 (England and Wales)
REGISTERED CHARITY NUMBER: 1176550

Report of the Trustees and
Financial Statements
for the Year Ended 31 July 2021
for
New Model Institute for Technology and
Engineering

NMITE
Blackfriars Street
Hereford
England
HR4 9HS

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for the Year Ended 31 July 2021

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New Model Institute for Technology and Engineering

Report of the Trustees **For the Year Ended 31 July 2021**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2021. The trustees have adopted the provisions of Accounting and Reporting by Higher Education: Statement of Recommended Practice applicable to institutions preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and activities

NMITE exists to address the UK's shortage of work-ready graduate engineers and focuses on an integrated engineering programme to train and nurture learners ready to tackle global challenges - such as sustainable food production, access to safe water, and clean energy - which do not fall neatly into traditional mechanical, electrical or materials engineering boxes. NMITE's students will learn what an engineer does and how she or he can make life better and make a positive impact on quality of life, the environment and industry.

NMITE exists to address the UK's shortage of work-ready graduate engineers and focuses on an integrated approach to engineering that trains and nurtures learners with meaningful skills and capabilities as well as knowledge. NMITE graduates are ready to add economic, environmental and social value to a range of community and global challenges. Through their studies they work with a variety of stakeholders including industrial engineers, community groups, business owners and people with specific healthcare requirements, and they learn to scope, create and validate solution designs to a range of real challenges. NMITE believes that engineering is an exciting and varied career path which should be freely open to young people from all parts of society. NMITE's students will learn what engineers do, how they can have a positive impact on quality of life, the environment and industry.

To attract students from a variety of backgrounds, at differing stages of life, and different educational and experiential backgrounds, NMITE will consider every application individually and irrespective of the path prospective students have travelled to get where they are today. Engineers-in-training will experience NMITE's "learning by doing" with regular real-life projects and no lectures or traditional exams; unlike other engineering institutions they will not be required to have a Maths or Physics A-level as these subjects will be taught within the curriculum. NMITE is looking for entrepreneurial and socially-minded individuals who want to change the world for the better, and all experience is valuable. As part of the admissions process, NMITE evaluates a person's attitude, team-working skills, and mind-set and passion for designing engineering solutions to today's problems as well as their qualifications.

Public benefit and charitable objects

All our charitable activities are undertaken to further our charitable purposes for the public benefit. These are:

- to advance education, with a particular focus on engineering and related business skills, and to widen participation in higher education by underrepresented groups and those who are socially excluded; and
- to promote research for the public benefit and to publish the useful results.

ACHIEVEMENT AND PERFORMANCE

The year to July 2021 was heavily disrupted by the Covid pandemic but NMITE successfully completed all the necessary regulatory processes necessary to launch the institute and recruit students. The institute secured full registration with the primary HE regulator, the Office for Students, and is now included in its list of approved providers. NMITE also secured institutional and programme validation from the Open University in November 2020 for its ground-breaking MEng course.

NMITE publicly launched in December 2021, enjoying significant media coverage and inviting its first applications from students for its Pioneer Cohort. During the year, in spite of substantial covid disruption to society and the process of applying for university for all UK students, around 150 people made applications to study in the first intake, and some 30 of them were selected to start in September 2021. All applications were received directly but future cohorts will also be able to access NMITE's application processes via the more standard UCAS route. These students started their programme on time and on plan.

The students taking advantage of NMITE's new purpose-built student accommodation, built in partnership with Herefordshire Council and operating by CityHeart, have taken up residence, and by the end of October our first cohort will have completed their first toolbox and be mid-way through their second engineering sprint. They are making good use of support services provided by our Student Support team. Our first learners have seized the mantle of 'Pioneers' and are proving to be enthusiastic members of the NMITE community.

New Model Institute for Technology and Engineering

Report of the Trustees **For the Year Ended 31 July 2021** **(Continued)**

Estates and Infrastructure

NMITE continued to provide the facilities needed to ensure an excellent experience for its first cohorts of students. Including the technical infrastructure to support its learners and staff. New systems were installed, tested and brought into service to manage and secure student records, support student and staff working and to equip the learning studios with cutting-edge audio-visual support.

Its main city centre site, the Blackfriars campus, was extensively refurbished and is now in full operational use as a learning and administration hub. The learning and teaching building is equipped with a range of teaching and pilot scale equipment that underpins NMITE's studio pedagogy and the ability to relate theoretical concepts, practical demonstration and applied challenge work in a dedicated studio space. A well-equipped factory space gives learners the opportunity to use a wide range of engineering operations with a range of materials.

The development of this site was financed by grants awarded by the Marches LEP who have continued to play an active role in supporting NMITE.

New advanced centres

Future facilities for learning and industry partnerships will be enabled by the development of NMITE's new advanced centres, the Centre for Advanced Timber Technology, and the Centre for Automated Manufacturing. Both centres will be housed in a new purpose-built facility on NMITE Skylon Campus. Construction started during the year with delivery to NMITE planned for mid-2022.

A Director for the Centre for Advanced Timber Technology (CATT) - Professor Robert Hairstans - came into post in February 2021. Via the CATT, NMITE agreed a Memorandum of Understanding with Edinburgh Napier University (Scotland's leading sustainable built environment centre); we envisage this leading to a synergistic offer that spans the whole of the UK. The CATT has established a strategic relationship with Timber Development UK, the UK's leading trade association with a base of over 1500 members across the 'seed-to-building' supply chain.

The building is targeting the highest level of attainment in the Enterprise Zone's "three apples" sustainability scheme with an emphasis on a fabric first approach (low thermal conductivity, reduced cold bridging and airtightness) in a hybrid structure that utilises advanced low carbon timber technologies where possible, incorporating renewable options and energy saving measures to ensure a reduced carbon footprint. NMITE's aim is that the building acts as an exemplar in the region by aspiring to net zero carbon targets aligned with UKRI's Industrial Decarbonisation Strategy.

CATT has an educational and knowledge transfer strategy with explicit industrial support, and is now in operational phases. The purpose-built facility ('NMITE Skylon Campus') is conceptualised and is being constructed as a 'living lab', with an array of sensors across the CLT and steel structure. NMITE will collate and codify information during the building delivery and post occupancy phases (including user occupant behaviours) to enrich a Building Information Model (BIM) and correlate it with predicted performance via a feedback loop in accordance with digital twinning approaches and the "Gemini Principles". This will be a rich and unique teaching resource in the UK. We envisage the building as the hub of an ecosystem of assets capable of demonstrating the virtues of utilising advanced timber technologies for built environment with an emphasis on regenerative design, circularity, social / economic impact and health and wellbeing.

This building is also home to the Centre for Automated Manufacturing, a project aimed at amplifying innovative automation technologies for enhanced productivity for regional manufacturers. An industrial steering group has been established to follow on from last year's roundtable consultations, and work continues to nurture and co-ordinate a group of local employers who will employ NMITE Manufacturing Degree Apprentices. The degree apprenticeship course has been scoped and specified, and delivery formats tested with local employers. Throughout this reporting period the Register of Apprenticeship Training Providers was closed, so NMITE was not able to make an application.

Fundraising

NMITE's mission continues to inspire donors and partners to support us. Substantial grants were secured during the year which increases the impact the institution can deliver and strengthens its partnerships with local institutions, engineering employers, and a range of other institutions.

Notable grants received include the Stronger Towns award to the City of Hereford. The grant aims to advance the government's "Levelling Up" agenda by investing in the development of towns to stimulate economic regeneration and enhance the lives of residents. NMITE played a leading role in the bid and its own contribution to the strategy, proposals for a new Skills Foundry in the city were a key element of the bid's success. The grant awarded to NMITE projects will be c£7m. Other grants were received from the European Social Fund (£0.9m) and several other donors to support a range of projects.

New Model Institute for Technology and Engineering

Report of the Trustees **For the Year Ended 31 July 2021** **(Continued)**

NMITE has always been able to inspire support from partners for its mission and operates with a “giving culture”. This is led by its staff, more than half of whom donate via salary giving - an exceptionally high rate of staff engagement which resulted in NMITE staff receiving the highest payroll giving accolade, the Platinum Award.

Recognition and new accreditations

During the year, NMITE achieved a raft of new accreditations and external recognitions as it continued to establish its role as an HE innovator and influencer. The CEO, Prof Elena Rodriguez Falcon received the following awards; Executive Leader of the Year in 2020 in the Engineering Talent Awards, Distinguished Mexican in the UK, Instituto de Mexicanos en el Exterior, Secretaría de Relaciones Exteriores, México, 2020, Executive Leader of the Year, Engineering Talent Awards, Equal Engineers/Royal Academy of Engineering, 2020 and Woman of the Year in Technology, FDM Every Woman, 2020. The Chief Academic Officer, Prof Beverley Gibbs, was elected as a Fellow of the Institute of Engineering and Technology (FIET). Locally, NMITE was named as winner in the Chamber of Commerce Awards for Health and Wellbeing in the workplace.

Academic Development

NMITE's academic team completed the preparation of the institution's new flagship Integrated Master's in Engineering (the MEng) programme. This innovative three-year degree provides an accelerated route for students to complete a programme of both undergraduate and postgraduate study in a single, accelerated programme delivered in three years.

Work progressed on creating the capacity and capability to deliver a broader academic curriculum including the development of new programmes at undergraduate and postgraduate level and the design of new Degree Apprenticeship programmes. These new programmes will start to be introduced to the curriculum from 2022. In parallel to NMITE's association with the Open University as its programme validation partner, it will advance its plans during the months following this report to secure its own degree awarding powers by applying for the necessary accreditation from the Office for Students.

NMITE's experience in pedagogical innovation and leadership was recognised when it was co-awarded - with UCL - development and delivery of the Safety Champions in Engineering Education course, developing educational leaders in 6 hubs from countries in Africa and South East Asia.

During the Covid lockdown and subsequent delay in NMITE's launch, the academic team deployed their skills to a programme of engineering related community education events. This “Summer of Discovery” included 16 online and in-person events drawing large audiences of school children, prospective future students and the general public, including appearances by Brian Cox and Kate Bingham. There were 559 registrations in total, in addition to the recruitment ‘Meet us online’ events.

Regulation and Assurance

As registered Higher Education Provider, NMITE must have in place appropriate governance and oversight mechanisms to ensure it meets the conditions of registration imposed by the Office for Students, the quality control requirements of its validating partner as well as the normal corporate governance standards arising from its charitable status.

Under the supervision of its Board of Trustees the institution reviewed its academic governance mechanisms resulting in the implementation of a new academic standards and oversight committee structure, reporting to the main board. A review of internal governance was also completed and implemented resulting in a new internal committee structure to oversee the allocation of resources, and the development of key strategies including infrastructure investments, student recruitment and the coordination of reporting to external regulatory bodies. Amended articles have also been produced and accepted by the Charities commission and Companies House.

A new internal auditor, University Internal Audit Services (UNIAC) was also appointed, and an annual schedule of audit assignments agreed.

FINANCIAL REVIEW

Financial Position

NMITE shows an operating deficit for the year end 31 July 2021 of £1.42m (2020 surplus £6.43m). The funding provided by the Department of Education in the form of restricted capital and revenue grants have been fully utilised or committed. Further restricted donations and grants in year totalling £3.116m were received and in addition a capital grant of £2.2m from the Marches Local Enterprise Partnership for the development of NMITE's flagship teaching and learning accommodation ‘Blackfriars’, which is in the centre of Hereford, and to support the construction of the Centre for Advanced Timber Technology (CATT) and Centre for Automated Manufacturing (CAM). The construction of the building is underway and is due for completion in June 2022. The new building and centres will provide education and training in specialist areas of engineering.

New Model Institute for Technology and Engineering

Report of the Trustees
For the Year Ended 31 July 2021
(Continued)

NMITE has also secured income of £89k as part of the Governments 'Kickstart' initiative which focuses on employment and employability for 18-25year-olds.

Further unrestricted income of £168k (2020: £72k) were achieved in year through CPD and other income generating activities. The balance carried forward at the year-end for all unrestricted funds was £5,359k (2020: £4,561k).

Under HE SORP it is not permissible to defer revenue grant income from government or other funders unless there is a specific performance requirement. Both the Department for Education and the Garfield Weston grants do not have this formal requirement but are deemed to cover future periods of expenditure beyond 31 July 2021.

Investment policy and investments

NMITE currently does not have an investment policy, but this will be developed by the trustees to ensure the safe and effective use of funds in due course.

Reserves policy

NMITE has unrestricted reserves valued at £5,359k (2020: £4,561k), this includes cash reserves and funds spent on capital assets. Other reserves held are restricted and capital funds that are not available for general use. See notes to the financial statements 14 and 15 for further information.

Impact of Covid-19

Before NMITE was able to obtain its validation and registration, the UK entered its first national lockdown in March 2020. This delayed the processes with the Open University and Office for Students and consequently NMITE was not able to recruit its first cohort for September 2020 as planned.

Validation and registration were secured in Aug-20 and Nov-20 respectively. Allowing a Pioneer Cohort to start their programme in September 2021. This delay in launching adversely affected NMITE's financial position significantly with the following key impacts arising:

- Tuition fee income generation has been delayed
- A-level assessments, rather than exams, reduced the pool of candidates that might have been secured through UCAS clearing reducing the size of the first cohort
- Potential supporters considering donating to NMITE have delayed donations during a highly uncertain financial context.

Going Concern

The full financial impacts of the Covid pandemic and the associated delays in opening will extend beyond the period covered by this report. Detailed reviews of the institution's financial position have been undertaken and remain ongoing and these have led to a number of post-year interventions including:

- An organisational restructure to reduce costs and re-shape the organisation to leave it better equipped for its fully operational phase
- A reduction in planned expenditure across most cost categories which will remain in place for the following year
- The production of a revised "sustainability plan" which charts a new path to long term financial sustainability. This plan incorporates the development of new programmes, a re-set student population growth trajectory and revised plans for investment in marketing and student recruitment activities.

In addition to these interventions, additional financial investment from government was secured in February 2022 to cover the full working capital requirements of the new sustainability plan.

Based on the above factors, the Trustees believe it is appropriate to prepare the financial statement on a going concern basis.

New Model Institute for Technology and Engineering

Report of the Trustees **For the Year Ended 31 July 2021** **(Continued)**

Structure, governance and management

Governing document

The New Model Institute for Technology and Engineering (NMITE) was incorporated as a private company limited by guarantee without share capital on 3 December 2013 and registered as a charity with the Charity Commission on 5 January 2018. NMITE is self-governing and legally independent but regulated as a public body.

NMITE is governed by its Articles of Association.

NMITE has adopted the Committee of University Chairs' Higher Education Code of Governance and is subject to the Office for Students' Regulatory Framework.

The Board of Trustees and its Committees

The Board of Trustees, which had 8 members at the end of 2020-21, administers the charity and meets monthly. There are sub committees covering matters including Finance and Resources, Property and Infrastructure, Audit and Risk, Nominations and Remuneration. Sub committees normally meet bi-monthly and The Audit and Risk Committee normally meets quarterly, but with short more frequent interim meetings to review the Corporate Risk Register.

The Board is NMITE's supreme governing body, responsible for setting its strategic direction and policies, and for NMITE's finances and assets. The Academic Council is the highest academic body, reporting to the Board of Trustees and responsible for NMITE's academic policies and for regulating academic work and standards.

Recruitment and appointment of new trustees

During the year under review The Chair, Dame Fiona Kendrick and the Vice Chair Professor Sir Eric Thomas stood down from their roles on the expiry of their terms of office. A new Chair Mr Terence Jagger was appointed and took office in April 2021. The Nominations Committee defines the make-up of the Board and its committees, balancing age, availability, gender, professional expertise, and public and private sector industry experience to deliver a rounded leadership to NMITE.

The committee, in seeking to fill places on the Board and any committee, publishes a job and person specification and invites applicants to complete an application form for appointment and the Company Secretary is responsible for managing declarations of interests and fit and proper declarations.

The following changes to the Board took place after the period covered by this review:

- Ms Karen Usher and Prof Peter Scott stood down following the expiry of their terms of office
- Mr. Ian Falconer and Mr. Richard Lindsay-Davies resigned from the board for other reasons
- Ms Kieran Shah, Dr. Wendy Finlay, Ms Aimee Clark, Mr. Marc Leppard and Mr. Stephen Heidari-Robinson were appointed to the board in September 2021 and Mr. Nicholas Lieven in November 2021 to ensure a full trustee team is in place for the forthcoming year.
- The President and Chief Executive was appointed as a trustee (ex officio).

Induction and training of new trustees

Trustees are provided with structured induction training to familiarise them with NMITE's mission and the various operational workstreams which advance it. They are also provided with the

Charities Commission Guide 'The Essential Trustee' and are recipients of governance sector bulletins through NMITE's associate membership of Advance HE and professional advice through NMITE's auditors and legal counsel.

Trustees have undertaken training in PREVENT/ Safeguarding and GDPR; and on the Board responsibilities as a Regulated Body under the OfS.

The Executive

A Chief Executive Officer is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations the Chief Executive Officer has delegated authority for operational matters such as finance, employment, and academic programme activities.

The Chief Executive Officer is the Accountable Officer for OfS purposes and is the Chair of Academic Council.

New Model Institute for Technology and Engineering

Report of the Trustees
For the Year Ended 31 July 2021
(Continued)

Key management remuneration

The Trustees review the pay and remuneration of key management staff annually and normally increase pay levels in accordance with average earnings which have been benchmarked in the sector. Senior staff, including the CEO, play no part in these decisions.

Related parties

NMITE is validated by the Open University who therefore exert considerable influence over NMITE's academic quality and assurance matters.

Risk management

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Audit and Risk Committee oversees the Corporate Risk Register, which is updated on a bi-monthly basis. Where appropriate, systems or procedures have been established to mitigate the risks that NMITE faces, including external risks to funding. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, and visitors to NMITE locations.

Statement of Internal Control

The Board has responsibility for maintaining a sound system of internal control that supports the achievement of the Institution's objectives whilst maintaining adherence to its policies and operating procedures. The controls also ensure compliance with the Office for Students conditions of registration and all charity regulation requirements.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. It is designed to manage rather than eliminate risks can therefore only provide reasonable and not absolute assurance of effectiveness against material losses.

An institutional Risk Register is maintained, which is presented at every meeting of the Audit and Risk Committee and to the Board of Trustees. Individual risk registers are maintained for all major organisational projects and all significant building projects

The Board's oversight of the effectiveness of the system of internal controls is informed directly by the work of the Internal Auditors and the Institution's senior management team. The SLT maintains a system of internal committees to ensure that policy creation and approval is consistent and transparent and to ensure that all activities are aligned to organisational strategy. Feedback is also provided by the External Auditors in their management letter and in other reports to the Audit Committee. The Internal Audit Strategy, approved by the Audit Committee, sets out priorities for the coming year based on institutional developments and risks and a wider view of the HE sector.

The Board of Trustees has approved a "governance handbook" which includes schedules of delegation which are reviewed from time to time. The Schedule includes the key responsibilities of the Executive relating to the operation of the internal control environment. The Board of Trustees receives a report from the President and Chief Executive at each meeting concerning the operation of the Institution and emerging risks and opportunities affecting it

Governance Developments in 2020/21

As a result of the Covid-19 pandemic the arrangements for both Board and Committee meetings switched to virtual meetings with additional support provided to ensure all members could participate. Scheduled meetings continued with a monthly frequency throughout the year.

Volunteers and Donors

The Board of Trustees would like to pay tribute to volunteers and donors who give generously of their time and support in support of the work of NMITE.

New Model Institute for Technology and Engineering

Report of the Trustees
For the Year Ended 31 July 2021
(Continued)

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
08800142 (England and Wales)

Registered Charity number
1176550

Registered office

NMITE
Blackfriars Street
Hereford
England
HR4 9HS

Trustees

Mr I M Falconer (resigned 16 September 2021)
Ms K S Usher (resigned 20 September 2021)
Dame F M Kendrick (Chair) (resigned 31 March 2021)
Sir E J Thomas (Vice Chair) (resigned 31 March 2021)
Mr P Scott (resigned 20 September 2021)
Mr J Gorringe
Ms R D Innocent
Mr R Lindsay-Davies
Mr M J Hitchin (Vice Chair from 1 April 2021)
Mr T Jagger (Chair) (appointed 1 April 2021)
Miss A Clark (appointed 20 September 2021)
Dr W Finlay (appointed 20 September 2021)
Mr S Heidari-Robinson (appointed 20 September 2021)
Mr M Leppard (appointed 20 September 2021)
Prof. E Rodriguez-Falcon (appointed 20 September 2021)
Dr M Shah (appointed 20 September 2021)

Company Secretary

C McCauley (resigned 30 June 2021)
S Lewis (appointed 13 July 2021)

Auditors

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Advisers

Bankers

HSBC Bank plc
35 High St
Hereford
HR1 2AQ

Key Management personnel:

Chief Executive Officer	Prof Elena Rodriguez-Falcon
Chief of External Engagement	Prof David Langley
Chief Academic Officer	Prof Beverley Gibbs
Chief Operating Officer	Mr James Newby

New Model Institute for Technology and Engineering

Report of the Trustees
For the Year Ended 31 July 2021
(Continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of New Model Institute for Technology and Engineering for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

AUDITORS

NMITE shall tender for the external audit service in line with its policy.

Approved by order of the board of trustees on 1 March 2022 and signed on its behalf by:



.....
Mr T Jagger - Chair of Trustees

New Model Institute for Technology and Engineering

Independent auditors' report to the New Model Institute for Technology and Engineering (a company limited by guarantee)

Opinion

We have audited the financial statements of the New Model Institute for Technology and Engineering (the 'Institute') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the Office for Students Accounts Direction (OfS 2019.41).

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 July 2021 and of the Institute's deficit of income against expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP and the Office for Students' Accounts Direction (OfS 2019.41).
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of Trustees has been prepared in accordance with applicable legal requirements.

New Model Institute for Technology and Engineering

Independent auditors' report to the New Model Institute for Technology and Engineering (a company limited by guarantee)

Opinion on other matters prescribed by the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion:

- Funds from whatever source administered by the Institute for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students ('OfS'), UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- the Institute's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the Institute's expenditure on access and participation activities for the financial year has been materially misstated.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Institute and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Trustees

As explained more fully in the Statement of Responsibilities of the Board of Trustees set out on page 7, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Institute'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 Board of Trustees either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the New Model Institute for Technology and Engineering (a company limited by guarantee)

Auditor's responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the Institute's performance;
- results of our enquiries of management and the Trustees including the committees charged with governance over the Institute's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Institute's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the Institute ensured it met its obligations arising from it being financed by and subject to the governance requirements of the OfS, and as such material compliance with these obligations is required to ensure the Institute will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure; and
- the matters discussed among the audit engagement team and involving relevant internal Institute specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the Institute for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Institute operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Office for Students' Accounts Direction (OfS 2019.41), the Companies Act 2006, Financial Reporting Standard 102 and the FE HE SORP.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Institute's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, employment legislation and Charity law.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of the Institute's management and Trustees concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the Trustees and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

New Model Institute for Technology and Engineering

Independent auditors' report to the New Model Institute for Technology and Engineering (a company limited by guarantee)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 Institute's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Institute's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Nathan Coughlin FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Date: 1 March 2022

New Model Institute for Technology and Engineering

Statement of Comprehensive Income
Year Ended 31 July 2021

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
Income			
Funding body grants	1	89	6,128
Other income	2	2,407	2,646
Donations and endowments	3	3,067	3,365
Total income		<u>5,563</u>	<u>12,139</u>
Expenditure			
Staff costs	4	2,968	2,366
Restructuring costs	4	39	-
Other operating expenses		3,809	3,228
Depreciation and amortisation	8	110	108
Interest and other finance costs	5	32	2
Total expenditure	6	<u>6,958</u>	<u>5,705</u>
Surplus/(deficit) before other gains/(losses)		<u>(1,395)</u>	<u>6,434</u>
Gain/(loss) on disposal of tangible assets		(26)	-
Surplus / (Deficit) before tax		<u>(1,421)</u>	<u>6,434</u>
Taxation	7	-	-
Surplus / (Deficit) for the year		<u>(1,421)</u>	<u>6,434</u>
Total comprehensive income for the year		<u><u>(1,421)</u></u>	<u><u>6,434</u></u>
Represented by:			
Restricted comprehensive income for the year		(2,219)	2,666
Unrestricted comprehensive income for the year		798	3,668
		<u><u>(1,421)</u></u>	<u><u>6,434</u></u>

All items of income and expenditure relate to continuing activities.

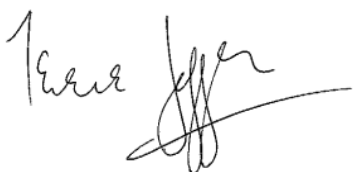
The accompanying notes and policies on pages 17 to 32 form part of these financial statements.

New Model Institute for Technology and Engineering

Statement of Financial Position
Year Ended 31 July 2021

	Notes	As at 31 July 2021	As at 31 July 2020
		£'000	£'000
Non-current assets			
Tangible assets	8	<u>6,787</u>	<u>4,604</u>
Current assets			
Trade and other receivables	9	243	454
Cash and cash equivalents	15	<u>1,449</u>	<u>5,013</u>
		1,692	5,467
Less: Creditors; amounts falling due within one year	10	<u>(360)</u>	<u>(431)</u>
Net current (liabilities)/assets		1,332	5,036
Total assets less current liabilities		<u>8,119</u>	<u>9,640</u>
Creditors: amounts falling due after more than one year	11	-	(100)
Total net assets		<u><u>8,119</u></u>	<u><u>9,540</u></u>
Restricted Reserves			
Capital reserve	13	506	-
Income and expenditure reserve	13	2,254	4,979
Unrestricted Reserves			
Income and expenditure reserve	14	<u>5,359</u>	<u>4,561</u>
		8,119	9,540
Non-controlling interest		-	-
Total Reserves		<u><u>8,119</u></u>	<u><u>9,540</u></u>

The financial statements were approved by the Governing Body on 1 March 2022 and were signed on its behalf on that date by:



.....
Mr T Jagger - Chair of Trustees

The accompanying notes and policies on pages 17 to 32 form part of these financial statements.

New Model Institute for Technology and Engineering

Statement of Changes in Reserves
Year Ended 31 July 2021

	Income and expenditure reserve		Total
	Restricted £'000	Unrestricted £'000	£'000
Balance at 1 August 2019	2,213	893	3,106
Surplus/(deficit) for the year	6,506	(72)	6,434
Transfer between funds	(3,740)	3,740	-
Total comprehensive income for the year	<u>2,766</u>	<u>3,668</u>	<u>6,434</u>
Balance at 1 August 2020	<u>4,979</u>	<u>4,561</u>	<u>9,540</u>
Surplus/(deficit) for the year	(238)	(1,183)	(1,421)
Transfer between funds	(1,993)	1,993	-
Total comprehensive income for the year	<u>(2,219)</u>	<u>798</u>	<u>(1,421)</u>
Balance at 31 July 2021	<u><u>2,760</u></u>	<u><u>5,359</u></u>	<u><u>8,119</u></u>

New Model Institute for Technology and Engineering

Statement of Cash Flows
Year Ended 31 July 2021

	Notes	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Cash flow from operating activities			
Surplus for the year before tax		(1,421)	6,434
Adjustment for non-cash items			
Depreciation	8	110	108
Decrease/(increase) in debtors	9	211	(124)
Increase/(decrease) in creditors	10	29	(348)
Adjustment for investing or financing activities			
Interest payable	5	32	2
(Gain)/loss on the sale of tangible assets	8	26	-
Capital grant income	2	(2,279)	(2,738)
Cash flows from operating activities		<u>(3,292)</u>	<u>3,334</u>
Taxation		-	-
Net cash inflow from operating activities		<u>(3,292)</u>	<u>3,334</u>
Cash flows from investing activities			
Proceeds from sales of tangible assets		-	182
Capital grants receipts	2	2,279	2,738
Payments made to acquire tangible assets	8	(2,319)	(4,007)
		<u>(40)</u>	<u>(1,087)</u>
Cash flows from financing activities			
Interest paid	5	(32)	(2)
Repayments of amounts borrowed	11	(200)	-
		<u>(232)</u>	<u>(2)</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>(3,564)</u>	<u>2,245</u>
Cash and cash equivalents at beginning of the year	15	5,013	2,768
Cash and cash equivalents at end of the year	15	<u>1,449</u>	<u>5,013</u>

1 General information

The Institution of New Model Institute for Technology and Engineering is registered with the Office for Students in England and is a registered Company and Charity. The address of the registered office is NMITE, Blackfriars Street, Hereford, England, HR4 9HS.

2 Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004), the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England Grant. The entity previously followed a charity SORP up until the registration with OfS, there has been no change on income and surpluses previously reported.

The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

3 Basis of preparation

The Institution's activities, together with the factors likely to affect its future development, performance and position, are set out in the operational and financial review which forms part of the Board of Governors' Report. The Board of Governors' Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements are prepared in sterling which is the functional currency and rounded to the nearest £'000.

4 Going Concern

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

The financial statements have been prepared on a going concern basis. The Trustees have considered the level of reserves held and the expected level of income and expenditure for 12 months from authorising these financial statements.

The full financial impacts of the Covid pandemic and the associated delays in opening will extend beyond the period covered by this report. Detailed reviews of the institution's financial position have been undertaken and remain ongoing and these have led to a number of post-year interventions. See the trustees report for further information.

In addition to these interventions, additional financial investment from government was secured in February 2022 to cover the full working capital requirements of the new sustainability plan.

Based on the above factors, the Trustees believe it is appropriate to prepare the financial statement on a going concern basis.

5 Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the Institution is entitled to the income, which is period in which students are studying, or where relevant, when performance conditions have been met.

Grant funding

NMITE has adopted the performance model for government revenue grants.

Grant funding including research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the Institution 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 in the Statement of Financial Position and released to income as the conditions are met.

Donations

Non-exchange transactions without performance related conditions are donations. Donations with donor imposed restrictions are recognised in income when the Institution is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released.

Donations with no restrictions are recognised in income when the Institution is entitled to the funds.

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

Donated goods and professional services are recognised as income when the institution has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit for use by the institution of the item is probable and that economic benefit can be measured reliably.

Capital grants

The Institution has adopted the performance model for government capital grants.

Capital grants are recognised in income when the Institution is entitled to the funds subject to any performance related conditions being met.

Investment Income

Investment income is credited to the statement of income and expenditure on a receivable basis and as either restricted or unrestricted income according to the terms or other restriction applied to the individual fund.

6 Accounting for retirement benefits

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

7 Employment benefits

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

8 Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

9 Property, plant and equipment

Land and buildings

Land and buildings are capitalised at cost on initial recognition.

After initial recognition land and buildings are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Costs incurred in relation to land and buildings after initial purchase or construction, are capitalised to the extent that they increase the expected future benefits to the Institution.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Leasehold Land and Buildings	50 - 99 years
------------------------------	---------------

Where lease is less than 50 years, the asset should be depreciated over the length of the lease.

Where an item of land and buildings comprise two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

No depreciation is charged on assets in the course of construction. On completion the assets are assessed and any projects not going ahead are released to the Statement of Other Comprehensive Income.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

9 Property, plant and equipment (continued)

Equipment

Equipment is capitalised at cost on initial recognition and then subsequently at cost less accumulated depreciation and accumulated impairment losses.

Equipment, including computers and software, costing less than £1,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	25% reducing balance
Fixtures and fittings	Straight line over 5 years

Where an item of equipment comprises two or more major components with substantially different UELs, each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

10 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 (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

11 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the Institution has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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

A contingent asset arises where an event has taken place that gives the Institution a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

12 Taxation

The Institution is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institution is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

13 Financial instruments

The Institution has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalent. These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables and bank loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

14 Reserves

Reserves are classified as restricted or unrestricted. Restricted funds included in the financial statements are:

- DfE Capital Grant - this relates to capital assets purchased with the income received from the Department for Education restricted for this purpose.
- DfE Revenue Grant - this relates to the general running of the organisation in to meet its objectives with the income received from the Department for Education restricted for this purpose.
- Garfield Weston Donation - this relates to the establishment of an ingenuity studio.
- Pioneer Fund - this relates to the Pioneer Cohort.
- Other restricted - includes balances where the donor has designated a specific purpose and therefore NMITE is restricted in the use of these funds.

15 Critical Accounting estimates and judgements

The preparation of the Institution's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical judgements and assumptions

Income recognition - Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met.

Impairment of assets - At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss as a result of any indications. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit in the period it arises.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit in the period it arises.

Useful lives of property, plant and equipment - Property, plant and equipment represent a significant proportion of the Institution's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the Institution's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 8.

New Model Institute for Technology and Engineering

Notes to the financial statements
Year Ended 31 July 2021

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
1 Funding body grants		
Other Bodies		
Specific grants		
Department for Education - capital grant	-	167
Department for Education - other	-	5,961
Department for Work - Kickstart scheme	89	-
	<u>89</u>	<u>6,128</u>

In the prior year, income was received from DfE in support of the founding of the Institution. Funding was subject to satisfactory performance and compliance with the criteria set out in the grant memorandum.

Note: The source of grant and fee income, included in note 1 is as follows:

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
1a Grant and Fee income		
Grant income from other bodies	89	6,128

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
2 Other income		
Residences, catering and conferences	-	5
Other capital grants	2,279	2,577
Other income	128	64
	<u>2,407</u>	<u>2,646</u>

Capital grants have been provided in the year by The Marches Local Enterprise Partnership to fund the capital improvements to Blackfriars Education and Conference Centre which the entity is committed to a long term lease. The grants have been fully recognised in the year, as their conditions have been met.

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
3 Donations and endowments		
Donations with restrictions	3,027	3,362
Unrestricted donations	40	3
	<u>3,067</u>	<u>3,365</u>

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
4 Staff costs		
Staff Costs :		
Salaries	2,467	1,977
Social security costs	265	208
Other pension costs	236	181
Sub-total	2,968	2,366
Restructuring costs	39	-
Total	3,007	2,366
	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Total remuneration of the head of the institution		
Basic salary	180	179
Performance-related pay and other bonuses	-	10
Sums paid under any pension scheme in relation to employment with the Institution	22	23
	202	212

Justification for the President/Chief Executive Officer

The Remuneration Committee has direct responsibility for determining reward and remuneration related matters for both the President/Chief Executive Officer and other members of NMITE's Senior Leadership Team. The Remuneration Committee has confirmed continued compliance with the CUC's Higher Education Senior Staff Remuneration Code and, accordingly, the 2020/21 Annual Reward and Remuneration Report to the Board of Governors will be published by Spring 2022.

The Remuneration Committee considers a variety of factors when deciding remuneration for NMITE's President/CEO and Senior Leadership Team which includes comparative benchmarking data for similar sized institutions (primarily HESA, CUC and other relevant data); the national pay award for other University staff; financial sustainability; individual performance; organisational performance; internal equity and external market factors. Further details relating to the Remuneration Committee's decisions on senior pay will be contained in their Annual Report to the Board of Governors.

In considering pay for the President/CEO and the Senior Leadership Team in October 2020, the Remuneration Committee considered both the individual and organisational performance against predetermined performance measures, including but not limited to:

- a) Performance in support of the institution's strategic objectives in areas such as:
 - Validation
 - Management & Leadership of Staff
 - Partnerships and external relations internationally, nationally, and locally
 - Development of organisational culture
 - Major initiatives and projects
- b) the size, growth and complexity of the institution;
- c) the nature of the HE markets and issues of recruitment and retention;
- d) the institution's objectives in relation to the diversity of the workforce;

4 Staff Costs (Continued)

The Remuneration Committee concluded that the President/CEO was performing at a high level, providing clear leadership to the University in a challenging context resulting from the wide range of external factors impacting on the HE sector. However, given the financial context within which NMITE was operating it was agreed that the President/CEO's and the Senior Leadership Team would not receive an increase in pay for the year ending 31st July 2021, all other staff received 1.5%, this was the first increase in 3 years.

Pay ratios

Total remuneration includes employer pension contributions/allowance in lieu of employer pension contributions and taxable benefits. Pay for part-time and hourly paid workers have been pro-rated up to the full-time equivalent.

- i. The head of the provider's basic salary is 4.3 times the median pay of staff (2020: 4.4 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.
- ii. The head of the provider's total remuneration is 4.4 times the median total remuneration of staff (2020: 4.8 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The number of staff with a basic salary of over £100,000 per annum has been included below:

	Year Ended 31 July 2021 No.	Year Ended 31 July 2020 No.
Basic salary per annum		
£100,000 - £104,999	-	1
£105,000 - £109,999	-	1
£120,000 - £124,999	2	-
£135,000 - £139,999	1	-
£140,000 - £144,999	-	1
£175,000 - £179,999	1	-
£185,000 - £189,999	-	1
	<u>4</u>	<u>4</u>
	Year Ended 31 July 2021 No.	Year Ended 31 July 2020 No.
Average staff numbers by major category :		
Academic	16	15
Administration and central services	21	18
Premises	3	1
Other	6	4
Total number of staff	<u>46</u>	<u>38</u>

Compensation for loss of office

NMITE paid £38,750 in compensation for loss of office for two staff members during the year. (2020: £Nil)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. In the year, the key management consisted of Chief Executive Officer, Chief of External Engagement, Chief Academic Officer, Chief Operating Officer.

	£'000	£'000
Key management personnel compensation	684	597

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
5 Interest and other finance costs		
Loan interest	29	
Bank charges	3	2
	<u>32</u>	<u>2</u>

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
6 Analysis of total expenditure by activity		
Academic and related expenditure	1,017	745
Administration and central services	2,417	2,072
Premises (including service concession cost)	421	481
Other expenses	<u>3,071</u>	<u>2,405</u>
	<u>6,926</u>	<u>5,703</u>

Other operating expenses include:

Operating lease rentals		
Land and buildings	21	77
Equipment and service provided (donated)	300	275
Software/licenses (donated)	1,732	1,185
Depreciation	110	108

External auditors remuneration in respect of audit services

Audit related assurance services	20	9
Other non-audit services	-	9
Total non-audit services	20	18

7 Taxation

There are no tax charges for the New Model Institute for Technology & Engineering in 2020/21 (2019/20: £Nil)

8 Tangible Assets

Property, plant and equipment

	Leasehold Buildings	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost and valuation				
At 1 August 2020	1,181	447	3,157	4,785
Additions	-		2,319	2,319
Disposals	-	(49)	-	(49)
At 31 July 2021	1,181	398	5,476	7,055
Depreciation				
At 1 August 2020	25	156	-	181
Charge for the year	20	90	-	110
Disposals	-	(23)	-	(23)
At 31 July 2021	45	223	-	268
Carrying amount				
At 31 July 2021	1,136	175	5,476	6,787
At 31 July 2020	1,156	291	3,157	4,604

9 Trade and other receivables

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Amounts falling due within one year:		
Other trade receivables	25	-
Other receivables	13	300
Prepayments and accrued income	205	154
	243	454

10	Creditors: amounts falling due within one year	Year Ended	Year Ended
		31 July 2021 £'000	31 July 2020 £'000
	Trade payables	34	46
	Social security and other taxation payable	86	69
	Accruals and deferred income	140	116
	Unsecured loans	100	200
		<u>360</u>	<u>431</u>
11	Creditors : amounts falling due after more than one year	Year Ended	Year Ended
		31 July 2021 £'000	31 July 2020 £'000
	Unsecured loans	-	100
12	Loans	Year Ended	Year Ended
		31 July 2021 £'000	31 July 2020 £'000
	Analysis of secured and unsecured loans:		
	Due within one year or on demand	100	200
	Due between one and two years		100
	Due after more than one year	-	100
	Total secured and unsecured loans	<u>100</u>	<u>300</u>
	Unsecured loans repayable by 2022	<u>-</u>	<u>100</u>

Interest accrues at the council's weighted average interest rate at the time the amount is drawn down (3.42% per year for FY16/17) and from the date that the amount is drawn down. Interest compounds monthly until repayment. The due date of repayment is when the first of the following occur:

- 30 days after a written demand is issued by the lender
- or 5 years after the date of the agreement, i.e. repayable on 11/07/2022

13 Restricted Reserves

Reserves with restrictions are as follows:

	Unspent capital grants £'000	Unspent other grants £'000	Donations £'000	Total £'000
Balances at 1 August 2019	62	1,528	623	2,213
New grants	2,740	5,965	-	8,705
New donations	-	-	3,362	3,362
Capital grants utilised in the year	(2,802)	-	(938)	(3,740)
Expenditure	-	(3,918)	(1,643)	(5,561)
Transfers between funds				
Total restricted comprehensive income for the year	(62)	2,047	781	2,766
Balances at 1 August 2020	-	3,575	1,404	4,979
New grants	2,279	89	-	2,368
New donations	-	-	3,027	3,027
Capital grants utilised in the year	(1,993)	-	-	(1,993)
Expenditure	-	(3,413)	(2,208)	(5,621)
Transfers between funds	220	(220)	-	-
Total restricted comprehensive income for the year	506	(3,544)	819	(2,219)
At 31 July 2021	506	31	2,224	2,760

	2021 Total £'000	2020 Total £'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and bursaries	543	497
General	2,217	4,482
	2,760	4,979

14 Unrestricted Reserves

	Total £'000
Balances at 1 August 2019	893
Surplus/(deficit) for the year	(72)
Transfer to/from restricted funds	3,740
Total unrestricted comprehensive income for the year	3,668
Balances at 1 August 2020	4,561
Surplus/(deficit) for the year	(1,195)
Transfer to/from restricted funds	1,993
Total unrestricted comprehensive income for the year	798
	-
At 31 July 2021	5,359

15 Cash and cash equivalents

	At 1st August 2020 £'000	Cash Flows £'000	At 31st July 2021 £'000
Cash and cash equivalents	5,013	(3,564)	1,449
	<u>5,013</u>	<u>(3,564)</u>	<u>1,449</u>

16 Financial instruments

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Financial assets		
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	1,449	5,013
Other trade receivables	49	-
Other receivables	<u>102</u>	<u>300</u>
	<u>1,600</u>	<u>5,313</u>
Financial liabilities		
<i>Financial liabilities at fair value through Statement of Comprehensive Income</i>		
<i>Financial liabilities measured at amortised cost</i>		
Loans	100	300
Trade creditors	34	46
Accruals	<u>140</u>	<u>116</u>
	<u>274</u>	<u>462</u>

17 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2021:

	31 July 2021	31 July 2020
	£'000	£'000
Capital commitments	7,260	-
	<u>7,260</u>	<u>-</u>

NMITE entered into a contract with The Marches Local Enterprise Partnership before the year end regarding the construction of the Skylon Campus, the contract has a value of £7.26 million. See below for information regarding the future of NMITE's Skylon Park.

Future facilities for learning and industry partnerships will be enabled by the development of NMITE's new advanced centres, the Centre for Advanced Timber Technology, and the Centre for Automated Manufacturing. Both centres will be housed in a new purpose-built facility on NMITE Skylon Campus. Construction started during the year with delivery to NMITE planned for mid-2022.

18 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings	31 July 2021 Plant and Machinery	Other leases	Total	31 July 2020
	£'000	£'000	£'000	£'000	£'000
Payable during the year	21	21	-	42	77
Future minimum lease payments due:					
Not later than 1 year	16	40	-	56	21
Later than 1 year and not later than 5 years	<u>7</u>	<u>59</u>	<u>-</u>	<u>66</u>	<u>23</u>
Total lease payments due	<u>23</u>	<u>99</u>	<u>-</u>	<u>122</u>	<u>44</u>

19 Events after the reporting period

As discussed in the trustee's report, NMITE has secured long term financial support in the form of new loans from the Department for Education to cover the full working capital requirements of the new sustainability plan.

20 Related party transactions

During the year the institute entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July 2021, are as follows:

Due to the nature of the Institution's operations and the compositions of the Council, 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 Institution's

Financial Regulations and usual procurement procedures.

Transactions totalling £Nil (2020: £178,318), relating to consultancy services took place with Nth Degree Consulting Limited, a company in which the Chief Operating Officer (until 29/05/2020) has a majority interest. There were no outstanding amounts.

No Governor has received any remuneration/waived payments from the institution during the year (2020 - none)

The total expenses paid to or on behalf of the Governors was £515 to 2 governors (2020 - £5,519 to 6 governors). This represents travel and subsistence expenses incurred in attending meetings and costs incurred on behalf of the institution.

During the year NMITE received cash donations from trustees totalling £5,384 (2020: £Nil) however £3,200 of this relates to future periods therefore has been included as a creditor (deferred income) at the year end.