

Registered number: 07317195
Charity Number: 1189858

**NORTHEASTERN UNIVERSITY – LONDON
(FORMERLY NCH AT NORTHEASTERN LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NORTHEASTERN UNIVERSITY – LONDON

Board of Trustees at report date	Dr Gregory Abowd Darren Campili – non exec Jonathan Goodwin– non exec Robert Farquharson (Secretary) Diane MacGillivray Thomas Nedell (Chair from 25 th January 2022) Dr Deanna Ranieri (Vice Chair) Julietta Tenant-Dexter– non exec Patricia Wood
Senior Management Team <i>(also considered Key Management Personnel)</i>	Rosalind Barrs (Registrar until 30 th April 2022) Vanessa Carreras (Director of Finance) Dr Naomi Goulder (Dean for Academic Development and Innovation and interim Dean of Faculties) Robert Farquharson (Chief Executive Officer) Anthony Grayling (Founder and Principal) Rebecca Harrison (Assistant Director Academic Services) Emma Kelly (Head of EDGE Division London) Rebecca Morrison (Director of Academic Services and Registrar from 1 st May 2022) Elizabeth O’Connell (Director of Admissions, Recruitment & Marketing) Dr Kasim Randeree (Associate Dean of Faculty Affairs) Martin Smith (Assistant Vice President for Recruitment and Marketing for Global Campuses) Dr Alison Statham (Associate Dean of Teaching and Learning) Sheena Van Der Merwe (Director of Resources & Operations) Dr Scott Wildman (Interim Academic Dean)
Registered Company number	07317195
Registered Charity Number	1189858
Registered Office Address	Devon House, 58 St Katharine’s Way London E1W 1LP
Independent Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Bankers	Barclays Bank plc 1 Churchill Place London, E14 5RB
Solicitors	Eversheds Sutherland (International) LLP 5 th Floor, 50/60 Station Road Cambridge, CB1 2JH

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ANNUAL REPORT OF THE TRUSTEES (including Strategic Report) FOR THE YEAR ENDED 30 JUNE 2022

The Trustees (who are Trustees of the charitable company) present their Annual Report for the year ended 30 June 2022 under the Charities Act 2011, including the Trustee's and Strategic Reports under the Companies Act 2006, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Charities Act 2011 and the Charities SORP 2015.

On 9th June 2020 NCH at Northeastern Limited (NCHNL) became a Registered Charity (registered charity number 1189858) and on 13th July 2022 it changed its name to Northeastern University - London (NU London) following approval for the use of university title granted by the Department for Education and the Office for Students.

STATEMENT OF CORPORATE GOVERNANCE

Governing Documents

The University is governed by its Memorandum and Articles of Association, last amended on 21 June 2022.

Governing Body

The NU London Board of Trustees ('The Board') is the statutory governing board of the legal entity. NU London owns the brand 'New College of the Humanities' as well as its dormant subsidiary New College of the Humanities Limited ('NCHL'), including its relationship with regulatory bodies and partner organisations. NU London Board is a limited liability company established under English and Welsh law. For the purposes of these financial statements the Trustees are referred to as Trustees.

The Board is legally responsible for the overall management and control of the University and, as such, has oversight and management of the strategic, financial and operational areas of the University's activities and all other aspects of the University's existence save for responsibilities delegated to the Academic Board in respect of the regulating and directing of the academic work of the University, including teaching (undergraduate and postgraduate degrees as well as degree apprenticeship programmes) and research.

The Board has ownership, oversight and management of the regulatory responsibilities and relationships of the University. In areas of academic procedures and policies it acts, as necessary, as the conduit for Academic Board (which has no separate legal standing) with the relevant regulatory body.

The Board meets four times a year.

In accordance with the Articles of Association, the Board has the power to delegate responsibility (but not accountability) to committees, directors, and the management of the University.

NU London Board has established the following committees to carry out its responsibilities. The number of members of any such committee and the terms on which they hold and vacate office shall be determined by the Board. Reports (at least annually) from these committees shall be received and considered by the Board where appropriate. See Organisational Management section below.

Recruitment and Training of Trustees

The Trustees roles are filled differently. There are five Trustees appointed by Northeastern University. The non-executive Trustees are recruited and appointed by the nominations committee of the NU London Board. The University uses a Skills Matrix to identify potential gaps prior to recruiting new Trustees.

The training of the Trustees depends on each individual's area of expertise but common areas of training would include English Higher Education Regulation and English law. This training is done either as part of the Board meetings or as required.

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Organisational Management

The Board delegates responsibility for University Management onto the following Committees.

- The Executive Committee (ExCo) is Chaired by the CEO and ensures there is effective leadership and management of all the activities undertaken by the University and provides a link between the Board and the senior management. It ensures that the strategic priorities as outlined in the NU London Strategic Plan are being met through the operational execution of Academic Board and the Senior Management Team. ExCo supplies the Board with reports, draft budgets and accounts, and reports on risk management. ExCo meets on a fortnightly basis.
- The Audit Committee (AC) was established to review audit policy, internal procedures and assurance on the use of public funds on behalf of the Board including the recommendation on auditors presented to the Board. Audit Committee meets at least once a year.
- The Remuneration Committee (RemCo) was established to determine and apply policy on behalf of the Board to remuneration and benefits, to ensure compliance with best practice in the UK and to set the remuneration of the executive members of University as set out in the Articles. In determining senior management remuneration, RemCo consider several factors, including performance and sector averages. In the year a benchmarking exercise was completed by a third party using data from the Universities and Colleges Employers Association (UCEA). This committee meets as needed during the twice a year. The appropriateness and relevance of the remuneration policy is reviewed annually including reference to comparisons with similar institutions to ensure that the University remains informed to broader issues of pay and employment terms and conditions.
- The Nominations Committee (NC) was established to review and approve appointment of members to the Board as well as the removal/appointment of the Master and CEO.
- The Academic Board (AB) is the academic authority of the University and takes such measures as shall best promote the academic and professional work of the University, safeguard standards, academic freedom, and ensure that students receive a high-quality academic experience while studying at the University. This academic authority is exercised within a budgetary and strategic framework set by NU London Board.

ExCo is responsible for proposing and delivering the University's strategy, and for managing the day-to-day activities, operations and resources of the University. The CEO chairs the meetings of the Senior Management Team (SMT), which reports to ExCo.

Ensuring regularity and propriety in the use of public funding

Consideration of the financial position of the University is a standing item for both the Board of Governors and the Executive Committee. Both also have oversight of the use of public funding within their responsibilities for the academic activities of the University. The Internal Auditor function will also look to carry out audits of the University's processes for handling such monies with these reports being considered by the Audit Committee.

STATEMENT OF INTERNAL CONTROL & RISK MANAGEMENT

The Trustees are responsible for the system of internal control operating within NU London and for reviewing its effectiveness as well as ensuring they are linked to achieving the University's objectives. Such a system can only provide reasonable, and not absolute, assurance against material misstatements or losses, and cannot eliminate business risk. As a reflection of the University's recent growth, this system has been – and will continue to be - under constant review and development.

The Trustees identify areas of improvement in the system of internal control based on reports and reviews from University management, Audit Committee, Academic Board and other committees. Trustees are of a view that there is an ongoing process for identifying, evaluating and managing the University's risks and internal controls and that at the date of approval of the annual report and financial statements, the process has been subject to

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regular review. The Trustees approach this responsibility from the perspective of discharging their duties, as specified in the “Regulatory framework for higher education in England” published by the OfS in February 2018.

The university falls under the purview of Northeastern University’s Audit & Advisory Services. Audit & Advisory Services is an independent and objective assurance function that assesses and evaluates the University’s internal control environment.

As part of the process of constant internal review, University management and Trustees have identified the requirement for a number of policies as follows:

- Anti-Bribery and Corruption Policy & reporting form
- Anti-Money Laundering Policy, Guidelines & reporting form
- Data Protection Policy, Privacy notices, Data Breach investigation procedures
- Fraud Prevention and Response Policy & reporting form
- Public Interest Disclosure Policy
- Resource Allocation Policy
- Risk Management Strategy

The Trustees are also responsible for meeting with the External Auditor to consider the nature and scope of the annual audit, and thereafter discuss audit findings and the internal control report arising out of the audit of the annual financial statements. The Audit Committee reviews the annual financial statements, paying particular attention to financial disclosures, accounting adjustments and control issues. Whilst NU London officers attend the meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets from time to time with the Internal and External Auditors on their own for independent discussions.

The Risk Management Strategy is designed to support this mission by assessing and managing the risks to the University achieving its stated mission and to ensure that the University is also protecting its stakeholders to which it has responsibilities, such as students, staff, funding bodies, partners, suppliers and the general public. This strategy forms part of the University’s control and governance structure and it is designed to give summary guidance for those different parts of the University who are responsible for managing risk and for ensuring that their decisions are implemented.

The approach to internal control is risk-based, including evaluation of the likelihood and impact of risks becoming a reality. Review procedures include business, operational, compliance, reputational and finance risk. Identification and management of risk is firmly embedded in all the University’s systems and procedures. Central to this approach is the maintenance of a Risk Register which ExCo review. Up until recently the University has not had an internal audit function and has relied on External audits / reviews to review the controls in operations.

Following a period of growth and development, the University is now working with the Internal Audit department at Northeastern University (parent entity) to develop their own Internal Control function.

As part of the new Internal Audit Function, regular reviews of a wide range of activity throughout the organisation will be conducted and an audit plan for each department of the University will be developed using a risk-based approach, taking account of the key areas of risk identified for the University as a whole and of specific areas of risk highlighted by the department heads. The internal audit plan will aim to cover all significant areas of risk at least once during each 3 year cycle. Any major risks are reviewed more frequently.

The risk management objectives of the University are to:

- Integrate an awareness of managed risk taking and effective risk management into the culture of the University.
- Manage risk in accordance with good practice.
- Embed risk management within strategic and operational management processes.
- Consider legal compliance as a minimum standard.
- Anticipate and respond to changing economic, social, environmental and legislative requirements.
- Prevent injury and damage and reduce the cost of risk.

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These objectives will be achieved by:

- Updating and maintaining a Risk Register which details those risks which, in the view of senior management and the Board, pose the greatest challenge to the achievement of the University's mission and of its continuing function.
- Assessing the likelihood of these risks occurring and the likely impact of an occurrence.
- Putting in place arrangements to manage and monitor risk.
- Maintaining effective communication and the active involvement of staff.
- Preparing contingency plans in areas where there is a potential for an occurrence having a wholly negative effect.
- Monitoring and reviewing arrangements on an ongoing basis.
- Insuring against risk where this is deemed to be cost effective.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, a system of delegation and accountability, and independent scrutiny. In particular the system includes:

- comprehensive budget setting and monitoring systems;
- regular reviews of periodic financial reports which indicate financial performance against budgets and forecasts
- access by all finance staff and appropriate departmental staff to systems providing a suite of enquires and reports to facilitate effective financial management on an ongoing basis
- clearly defined capital expenditure guidelines
- formal project management disciplines
- an in-house internal audit service; and
- scrutiny by Governors, OfS, other inspectorates, external audit and other stakeholders.

The Board has ultimate responsibility for the total risk exposure of the University by:

- Setting the tone and influence of the culture of risk management across the University.
- Determining the extent to which the University is 'risk taking' or 'risk averse' as a whole and sets the University's 'risk appetite'.
- Approving major decisions affecting the University's risk profile or exposure.
- Determining what types of risk are acceptable/not acceptable and monitoring significant risks and control improvements to mitigate risks.
- Annually reviewing the University's approach to risk management and approving changes or improvements to key elements of the process and procedures.
- Establishing, maintaining, and reviewing controls for monitoring risks.
- Having particular focus on the financial risks that could impact the University and its provision of world class higher education.

To support it in exercising these responsibilities, the Board will receive an annual report from ExCo, on the effectiveness of the risk management process in the University, making recommendations where appropriate.

ExCo exercise their responsibility for risks by:

- Identifying and evaluating the significant risks faced by the University.
- Providing adequate information in a timely manner to the Board on the status of risks and controls.
- Annually having a risk review and reporting the outcomes to the Board.
- Implementing policies on risk management and internal control.
- Annually reviewing the effectiveness of the system of internal control and risk management.

The CEO will report, on ExCo's behalf, to the Board on an annual basis as to the approach to risk faced by the University, and the management of it, and in each the Board meeting will report on any incidents and/or changes to the level of risk faced by the University and the approach to managing those changed circumstances. The framework for these discussions at the Board will be the Risk Register.

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Principal Risks and Uncertainties Facing the Business

The principal risks that have been identified include:

- Student recruitment – strategy of the University is to grow student numbers. We continue to support this through a strong recruitment team and with collaboration agreements with our parent institution (see Access and Participation Plans for further details how the University is doing this).
- Regulatory - loss of any regulatory assets such as UKVI immigration licences. The University retains highly trained staff in Quality Assurance, VISA team and Admissions and continues to receive positive outcomes when audited by our regulating bodies.
- Business disruption - inability to use existing premises, loss of key members of staff, technology failure or student incident. Management of this risk falls to SMT, who meet regularly, in line with the University's Disaster Recovery Plan.
- Resources risk – inability to recruit suitably qualified staff, sustain growth in physical footprint and ability to sign contract for student residential accommodation.

The approach to Internal Control, in particular the formation of an Internal Audit Function will continue to be developed through 2022-23 to ensure it is fit for purpose as the University continues to expand. During 2021-22 no significant weaknesses or failings were found to report.

The University's ability to deliver its charitable purpose and objectives is primarily dependent on its key management personnel (KMP) and staff.

Below is a table listing all Trustees and key management personnel and their committee membership.

Name	Role*	The Board	ExCo	AC	RemCo	NC	AB	SMT
Dr Gregor Abowd (<i>app 24 Jan 22</i>)	Trustee	X		X	X	X		
Rosalind Barrs (<i>until April 2022</i>)	KMP						X	X
Darren Campili	Trustee	X		X	X	X		
Vanessa Carreras	KMP							X
Robert Farquharson	Trustee	X	X	X	X	X		X
Anthony C Grayling	KMP	X						
Jonathan Goodwin	Trustee	X		X	X	X		
Naomi Goulder	KMP		X				X	
Rebecca Harrison	KMP						X	X
Kenneth Henderson (<i>res 24 Jan 22</i>)	Trustee							
Diane MacGillivray (<i>app 24 Jan 22</i>)	Trustee	X		X	X	X		
Rebecca Morrison	KMP		X	X			X	X
Thomas Nedell	Trustee	X			X	X	X	
Elizabeth O'Connell	KMP							X
Martin Ralph (<i>res 24 Jan 22</i>)	Trustee							
Kasim Randeree	KMP						X	
Dr Deanna Ranieri	Trustee	X	X	X	X	X		
Martin Smith	KMP		X					X
Alison Statham	KMP							X
Julietta Tenant-Dexter	Trustee	X		X	X	X		
Sheena Van Der Merwe	KMP				X			X
Scott Wildman	KMP		X				X	X
Patricia Wood	Trustee	X		X	X	X		

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Structure and relationships

The company was incorporated on 16 July 2010 as Grayling Hall Limited. Since incorporation the company has had four name changes;

- 23 February 2011 - New College of the Humanities Limited
- 6 March 2012 - Tertiary Education Services Limited
- 21 February 2019 - NCH at Northeastern Limited
- 13 July 2022 – Northeastern University - London

On 19th February 2019 the issued share capital in the University was purchased by Northeastern University, (an educational institution incorporated under the laws of the Commonwealth of Massachusetts, United States, being a non-stock, non-profit educational charity with tax exempt status under section 501(c)(3) of the United States Internal Revenue Code, of 360 Huntington Avenue, Boston, MA 02115, United States). As a result of this transaction the company is now a wholly owned subsidiary of Northeastern University. Following the change in ownership the company was renamed 'NCH at Northeastern Limited'. Following approval for use of university title from DfE and OfS, it changed its name to Northeastern University – London on 13th July 2022 .

An application for Charity Status was submitted in March 2019 to the Charity Commission. This was granted on 9th June 2020, charity number 1189858. Following the award of charitable status the University is now controlled by the Board.

Subsidiaries & Linked Charities

The University has a wholly owned non-charitable subsidiary, New College of the Humanities Limited (NCHL) (company number 07917776) registered in England and Wales and limited by shares. This company was responsible for the provision of the Masters degree awarded by Swansea University, under a validation agreement, which came to an end in 2020 when the University obtained its own Taught Degree Awarding Powers. This entity is now dormant and it is expected that it will continue in a dormant state for the foreseeable future. This company is not consolidated on the grounds of immateriality.

The University also has an associated charity, New College of Humanities Trust (Trust) (charity number 1141608), which is a separate educational charity whose objectives are to award financial support or rewards to students at the University. It has three Trustees two of which are Trustees of the University and one who is an employee of Northeastern University. During the year to June 2021 the Trustees decided that the activities of the Trust could be continued within the University and the Trust can be closed. Accordingly, the remaining assets of the Trust were transferred to the University where they have been recognised as a separate restricted fund which will be disbursed in line with Trust objectives. NU London are in the process of closing down this Trust in collaboration with the Charity Commission.

Employment policy

The University aims to be an equal opportunity employer and to apply objective criteria to assess merit and make decisions on selection, promotion and other employment-related issues. It aims to ensure that no job applicant, employee or worker receives less favourable treatment on the grounds of race, colour, national or ethnic origins, sex, sexual orientation, marital status, perceived sexuality, disability, membership or non-membership of trade unions, 'spent' convictions of ex-offenders, class, age, political views or activity, religion or belief.

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STRATEGIC REPORT

OBJECTIVES, AIMS AND ACTIVITIES

Charitable objects

NU London's charitable objects, as set out in the Articles of Association, are the advancement of education for the public benefit. The Board is mindful of the longstanding need to provide public benefit and the requirements of the Charities Act 2011.

Aims

The University's aim is to provide an outstanding education. The desired outcomes are a deep and insightful engagement with the subjects of study, and in the process acquisition of acuity of thought, reasoning power, knowledge of methods and sources, and learning, writing and discursive skills, all exportable into lifelong learning and applicable to the demands of work and life after graduation.

The University's mission is to be 'where the power of learning and discovery through limitless global connections are unleashed. This will be manifested by building on the institution's current foundations to build differentiation in the UK market, to be a laboratory for global innovation and to become the European hub for the Northeastern network.'

Northeastern University

The University became part of Northeastern University's (NU) global network in February 2019. NU is a large not for profit university based in Boston, USA. NU has approximately 39,000 students on its campus in Boston and significant numbers throughout its network across the globe.

Being part of the NU global network provides significant opportunities, expertise and resources to further the University's ambitions.

Objectives for the year

The main objective of the University is to continue to provide education of the highest quality that meets the needs of an ever-changing future and acknowledges changes to the delivery environment and student expectations.

The primary objectives of the University and progress against them during the year were:

Protect the wellbeing of students and staff during the COVID 19 pandemic	As we saw the tail end of the pandemic the University moved from an online delivery of teaching to a face to face one whilst increasing the level of welfare support available. There were no major outbreaks of infection necessitating the shutting of the campus and teaching was delivered successfully.
Fulfil the educational mission	As evidenced by the degree results and the NSS results the University fulfilled its educational mission. Additionally the awarding of University title in June also demonstrates the external validation of the educational mission. The University was also able to ensure the continuity of education and ability for progression and completion of studies by students during the COVID- 19 pandemic.
Deliver Northeastern programmes in London	The 'mobility' programmes were successfully run during the academic year 2021/22 with over 400 students based in London.

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Public benefit statement

Founded in 2012, with the aim of providing the highest quality of education in the humanities and social sciences, the University has established itself as a prestigious institution based in the heart of London. Whilst students pay fees, the University is focused on delivering public benefit and offers a number of scholarships for academic excellence and bursaries for those students requiring financial support. The amounts were £129k and £125k. Further information regarding Public Benefit in the wider community can be found in the Access and Participation plan below.

The Trustees have considered the requirements of the Charities Act 2011 and the Charity Commission's guidance on public benefit in setting the objectives and activities of the charity. As part of its commitment to public benefit and in line with requirements set out by the Office for Students (OfS), the University has published its Access and Participation Plans as set out below.

The Trustees are also responsible for the interactions between the University and the OfS and its designated bodies and to ensure compliance with all of its conditions of registration with the OfS's accounts direction. R Farquharson in his capacity as CEO, is the nominated accounting officer with the responsibilities set out by the OfS.

ACCESS AND PARTICIPATION PLANS

The University is an approved (fee cap) provider for the purpose of registration with the Office for Students (OfS) (the regulator for higher education in England). As part of its obligations under its registration, the University is required to produce an Access and Participation Plan (APP), and this forms the central element of the University's widening participation agenda. The APP outlines in detail how the University will assist students from groups that have historically been underrepresented within higher education: students from lower socioeconomic backgrounds, BAME students, disabled students, mature students, and care leavers, with a particular focus on students from POLAR4 Quintiles 1 & 2, and IMD Quintile 1 backgrounds.

The APP benchmarks the University's performance against the national and regional average regarding these underrepresented groups, and specifically, what steps the University is taking to assist these groups in gaining access to education, success whilst at the University and progression on to graduate employment. The APP contains information about the University's historical performance against these metrics and the targets agreed upon by the Director of Fair Access and Participation at the OfS. The APP is a public document that provides a detailed analysis of the University's approach, information about specific widening participation activities, targets, and how the University will achieve them. The current APP has been approved for five years running from the academic year 2019-2020. The University has also submitted variation requests to the Plan in response to the updated priorities set out in February 2022.

The Access and Participation plans for NU - London set out how the University maintains fair access to its programmes and how it will sustain and improve access, student success, and progression among people from underrepresented student groups. The Plan has been prepared in accordance with guidance produced by the Office for Students (OfS) and has been approved by the Board. The Plan applies to UK students who enter the University between the academic years 2019/20 to 24/25 and its terms apply to those students for the duration of their studies at the University.

The University has undertaken a significant number of outreach events to increase student attainment and self-confidence and attract applicants. These activities have encompassed a wide variety of school talks, attendance at fairs and events held at the University, in-school 2-2-1 coaching, and sustained mentoring programmes. Due to the success and high levels of engagement with online activities experienced throughout the pandemic, the University has and will continue to offer online activities in combination with in-person interventions.

Of relevance to widening access, below are some brief representative examples of the works the University has engaged in:

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KS5 Resilience programme: a resilience coaching programme developed and delivered by NU - London to support the development of resilience, motivation, and confidence amongst targeted learners. The programme has been developed following feedback from HE counsellors that, following disruption to their studies because of Covid-19, learners have struggled with motivation and persistence. This was identified as a risk factor for learner attainment and progression.

The coaching programme involves 10 modules with digital and in-person materials to be delivered by a facilitator in school/college. Schools and colleges can select those modules most relevant to their learners to be delivered over a series of weeks. Each module has different learning outcomes, which are reviewed in lesson evaluations, and the overall aim of the programme is to improve participant levels of confidence and motivation with reference to specific skills helpful to learning.

Visits to the University – another aspect of the University's outreach strategy includes welcoming schools, students, and staff into the University to hear talks or participate in workshops on a subject. For example, in July 2022, St Thomas the Apostle School visited the NU - London and explored the 4 P's (Protestor, Passenger, Participant and Pioneer) - a self-leadership tool for students to reflect and identify areas they are choosing to present as one of the 4P's. This insightful workshop allowed students to share examples of areas they could work on and how they could achieve this. Students also received workshops on how to apply to university. 43% of the pupils at St Thomas the Apostle College of students on free school meals and a high percentage of students from minority ethnic backgrounds.

Collaborative events – the University also works with other organisations to reach out to students from underrepresented groups. For example, in the academic year of 2021-22, the University hosted 187 Key Stage 2 and Key Stage 3 learners, from Ark All Saints Academy, Malmesbury Primary School Langdon Academy, Evelyn Grace Academy, Central Foundation Girls' School, for workshops in collaboration with 'IntoUniversity'. Workshops included sessions in law, Philosophy, and student life.

Linking London – the University has become part of the Linking London network working collaboratively to deliver outreach events to FE and Sixth form colleges. During 2021-22, the University ran several online mentoring programmes through the Linking London partnership with FE colleges. The University seeks to continue running these programmes to support students with their university/further education pursuits. Aimhigher- the University have worked collaboratively to run several online parent sessions, Student Finance sessions and university life workshops for a range of audience.

The University works collaboratively to create and inform the outreach activities and effective evaluation methods of initiatives with relevant institutions. For example, for 2020-22, the University subscribed to SEER, which supported the outreach initiatives through an independent evaluation of the impact of interventions.

The initiatives outlined above are indicative of the work the University has always undertaken to promote access to higher education and raise awareness among underrepresented groups of the advantages of studying at university. Such programmes will continue and expand as school partnerships develop further. In terms of impacting attainment, the University will seek opportunities to work with key secondary schools to develop strategies to support students.

Financial Support

Financial support to students has been central to the University's offer process over each year of its operation. The elements of financial support have adapted over time as the University fees have been revised and as students have been able to access loans from the Student Loans Company.

Since its inception the University has provided generous financial support in order to assist students to attend.

Means-tested bursaries are made available to students in order to alleviate financial hardship. In regard to the award of any bursary, the University considers the household income of the applicant/applicant's family, and the

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size of the award is linked to that income. During 21-22 45 students were in receipt of a bursary, total amount of bursaries paid amounted to £125k, 21 of these students we classified as 'Widening participation' students with £58k of the allocated bursaries.

The University also operates an in-year Hardship Fund. Students finding themselves in particular financial hardship, regardless of prior bursary allocations, can apply for a one-off £500 Hardship bursary to alleviate their situation. There are clear eligibility criteria. The process is managed by the Student Academic Services team and outcomes are ratified by the Director of Finance.

In addition to means tested support, the University automatically considers every applicant for an academic scholarship of up to £2,000 based on predicted grades and performance at interview.

Alumni relations

The University is a reasonably young institution and does not yet boast large numbers of Alumni but has good ties with a number of graduates, organising bi-annual Alumni events and inviting Alumni to University wide events.

Review of achievements and performance for the year

During the year, the University continued to provide a first-class educational experience for students taking UK validated degrees and those on study abroad programmes from our parent institution, Northeastern University.

The University hosted 329 students on London Validated courses (2021: 287) and 519 students visiting from Northeastern University for one of their Study Abroad programmes (2021: 0). This increase in the latter cohort was due to travel restrictions in the summer of 2020 resulting in cancellation of this programme in 2020-21.

In 2022 49% of graduating students obtained a first class degree, and 42% a 2:i (2021: 48% and 44% respectively).

The National Student Survey (NSS) is a high-profile annual survey of nearly half a million students across the UK. The survey gathers opinions from students about their time in higher education, asking them to provide honest feedback on what it has been like to study on their course at their university/college. In 2022, 73% of eligible NU - London students completed the NSS survey (2021: 81%). Overall satisfaction at NU - London was 83% (2021: 84%), which was better than the national average of 76% (2021: 76%).

FINANCIAL REVIEW

Results for the year

Total income was £23.6m representing an 23% improvement from prior year (£19.2m, 2021). The increase of income is due primarily to the reinstatement of the mobility programme delivered in London for Northeastern University which resulted on income of £13.3m. The University has reduced its reliance on support from the parent institution, in 20-21 NU London received £16.4m in grants from Northeastern University, whereas during 21-22 the University only received £5.5m in grants, all restricted for Capital development purposes.

Total expenditure increased by 56% from £13.9m to £21.7m, which reflects both the increase in activity, primarily the mobility programme mentioned above and the increase in property related costs. University staff costs now represent 36% of total expenditure (2021: 40%) and increased by £2.2m since 2021. Property costs increased by £1.7m (primarily rent, £0.8m and depreciation, £0.9m), due to the continued expansion of our campus to accommodate increase in student numbers. The current strategy is to continue this expansion leading to financial growth and robustness.

NORTHEASTERN UNIVERSITY – LONDON

ANNUAL REPORT OF THE TRUSTEES (including Strategic Report) FOR THE YEAR ENDED 30 JUNE 2022

Reserves Policy

The University's reserves policy is that it should have access to sufficient financial resources to be able to ensure the sustainability of the University. In determining what level of financial resources are required, the University has considered the following:

- Current and projected levels of general reserves;
- Level of Working Capital required to operate effectively;
- The impact of seasonality;
- The University's risk appetite;
- The University's appetite to borrow funds and Northeastern's wishes in terms of providing grants;
- The likely financial impact of a number of unlikely but plausible scenarios linked to the most significant risks that the University faces, with particular attention to the timing of the risk and its severity.

With this in mind the University is working towards a general reserve (unrestricted funds excluding designated funds) position which would fund operations for one term (excluding the costs associated with NU Programme), this is currently around £4.1m.

The total reserves for the University at the year end were £7.6m (2021: £5.7m), including £1.7m of restricted funds, which mostly relate to unspent capital grants. It should also be noted that this includes a designated fund of £10m represented by Fixed Assets which are not available for general use so the general reserve position after these adjustments is £(4.5)m, £8.6m short of our target. Until the University reaches its target it is reliant on the continued support of Northeastern University as offered via the Deed of Grant signed on 5th September 2019.

Going Concern

In preparing these financial statements the Trustees have considered the current financial position of the University together with cashflow forecast for the foreseeable future in order to determine whether the financial statements can be prepared on a going concern basis.

During the previous year the University was able to shift to online delivery of its teaching provision the week before Lockdown was imposed for the UK, and then adapt to a return to Hybrid learning and working at the same time as growing our student, staff and faculty numbers.

The initiatives mentioned in the 'future plans' section below, including the growth in student numbers, the launching of double validated degrees and the development of research capabilities will result in steady growth of revenues over the next few years and management have carefully considered the resources required to meet this growth when budgeting to ensure it is sustainable and viable.

The negative unrestricted reserves position reflects the University's ongoing investment in the new premises, Devon House, which significantly expands the resources and facilities available to meet the expected growth in student numbers. The University has only recently started to move from an operational deficit to operational breakeven position, with a view to producing surpluses within the next 5 years and will continue to meet its investment and working capital requirements through the grant contributions from Northeastern University, which are provided under the Deed of Grant dated 5th September 2019, as reflected above, this support will eventually taper off once the University has reached a point of overall financial self-sufficiency.

The Trustees have a reasonable expectation that the University has sufficient resources and support from Northeastern University to continue in operational existence for the foreseeable future and it remains appropriate to prepare their financial statements on a going concern basis.

NORTHEASTERN UNIVERSITY – LONDON

ANNUAL REPORT OF THE TRUSTEES (including Strategic Report) FOR THE YEAR ENDED 30 JUNE 2022

Fundraising

The University does not carry out any fundraising activities with the general public and no donations are sought from the public. The University has no fundraising activities requiring disclosure under section 13 of the Charities (Protection and Social Investment) Act 2011.

FUTURE PLANS

The future plans include:

- Building on the acquisition by Northeastern and the ending of the restrictions from the pandemic to further grow the numbers of students in the University and to expand the offering of courses to both undergraduate and graduate students. Student numbers have gone from 300 in 2020 to over 1,700 in 2022-23 and the University hopes to grow student numbers by ca. 300-400 during 2023-24 and 2024-25 in its UG and PG provision as well as a further 500 a year in its Apprenticeship provision.
- This expansion will be driven by double validated degrees that build the chance of mobility into the programmes. These will be launched in September 2023 for undergraduate degrees in a wider range of subjects than currently offered and will then be done for postgraduate degrees.
- Following the move to Devon House in St Katherine's Dock, which already offered considerably increased space expansion, the University is looking to further increase its estate to support plans to grow student numbers, particularly within its Mobility provision for Northeastern University.
- Increasing the offering of workplace learning opportunities building on the Apprenticeships launched in October 2020.
- Develop the research capabilities in London both in terms of people and infrastructure, therefore increasing the revenue derived from research funding.
- Establish London as a genuine hub in the Northeastern University's global network whilst continuing to be a self-regulating English HE.

These initiatives are ensuring the University's budgets for the coming 5 years show a considerable growth and increasing surpluses allowing the recovery of past losses incurred during the initial stages of the institution's existence.

Northeastern University, as sole shareholder, is committed to supporting NU London's working cash flow requirements.

NORTHEASTERN UNIVERSITY – LONDON

ANNUAL REPORT OF THE TRUSTEES (including Strategic Report) FOR THE YEAR ENDED 30 JUNE 2022

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year or period. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland) and applicable law. Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University including income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgement and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Accounts Direction as issued by the Office for Students (OfS) and the Charities SORP. They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Annual Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the University's auditors are unaware, and
- each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the University's auditors in connection with preparing their report and to establish that the University's auditors are aware of that information

AUDITORS

The auditors, Crowe U.K. LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006

This annual report was approved by the board on 19th October 2022 and signed on its behalf



R Farquharson
Trustee



Tricia Wood
Trustee & Chair of Audit Committee

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NORTHEASTERN UNIVERSITY – LONDON

FOR THE YEAR ENDED 30 JUNE 2022

Opinion

We have audited the financial statements of Northeastern University - London ('the charitable company') for the year ended 30 June 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2022 and of income and expenditure, 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 Companies Act 2006.
- has been prepared in accordance with the requirements as agreed with the Office for Students (OfS) of the *Statement of Recommended Practice – Accounting for Further and Higher Education* and the OfS Accounts Direction (issued October 2019) ("the OfS Accounts Direction")

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 charitable company 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 Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NORTHEASTERN UNIVERSITY – LONDON

FOR THE YEAR ENDED 30 JUNE 2022

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Trustees' Report and Strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report and strategic report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students ("OfS")

In our opinion:

- in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the charitable company have been properly applied for the purposes for which they were received.

We have nothing to report on the following matters where the OfS Accounts Direction requires us to report to you where:

- Charitable company's grant and fee income, as disclosed in notes 2 and 3 to the accounts, has been materially misstated.
- Charitable company'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 light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company 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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NORTHEASTERN UNIVERSITY – LONDON

FOR THE YEAR ENDED 30 JUNE 2022

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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 might be fundamental to the parent charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the parent charity and the group for fraud. The other laws and regulations we considered in this context for the group were Higher education and Research Act 2017, Teaching Excellence and Student Outcomes Framework, General Data Protection Regulations and Health and Safety.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to the risk these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Office of Students (OfS), Quality Assurance Agency for Higher Education (QAA) and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
NORTHEASTERN UNIVERSITY – LONDON**

FOR THE YEAR ENDED 30 JUNE 2022

Use of our report

This report is made solely to the charitable company's members, 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP, Statutory Auditor
Cheltenham

Date: 21 November 2022

NORTHEASTERN UNIVERSITY – LONDON

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2022 £'000	2021 £'000
INCOME FROM:					
Charitable activities	2	18,058	-	18,058	2,661
Teaching & Learning					
Grants from parent entity					
Teaching & Learning	3	-	60	60	9,800
Capital Grants	3	-	5,465	5,465	6,615
Other Income	4	15	-	15	2
Grants	3	-	40	40	78
		<u>18,073</u>	<u>5,565</u>	<u>23,638</u>	<u>19,156</u>
EXPENDITURE ON:					
Charitable activities	5	<u>21,463</u>	<u>65</u>	<u>21,528</u>	<u>13,900</u>
NET INCOME / (EXPENDITURE)					
		<u>(3,390)</u>	<u>5,500</u>	<u>2,110</u>	<u>5,256</u>
Transfers between funds	13	5,332	(5,332)	-	-
Other recognised gains /(losses)		-	-	-	-
NET MOVEMENT IN FUNDS					
		1,942	168	2,110	5,256
RECONCILIATION OF FUNDS					
Total funds brought forward		4,147	1,530	5,677	421
Total funds carried forward		<u>6,089</u>	<u>1,698</u>	<u>7,787</u>	<u>5,677</u>

The accompanying notes 1 to 19 form an integral part of these financial statements.

NORTHEASTERN UNIVERSITY – LONDON

BALANCE SHEET

AS AT 30 JUNE 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Tangible Assets	7	11,817	6,041
Investments	1	1	1
		11,818	6,042
CURRENT ASSETS			
Debtors	9	3,230	1,801
Cash at bank and in hand		2,573	4,599
Total current assets		5,803	6,400
CREDITORS: amounts falling due within one year	10	(8,555)	(5,669)
Net current assets / (liabilities)		(2,752)	731
TOTAL ASSETS LESS CURRENT LIABILITIES		9,066	6,773
Provisions for liabilities	11	(1,279)	(1,096)
TOTAL NET ASSETS / (LIABILITIES)		7,787	5,677
FUNDS			
Restricted funds	13	1,697	1,530
Unrestricted funds	13	(4,448)	(1,058)
Designated funds	13	10,538	5,205
TOTAL FUNDS		7,787	5,677

The accompanying notes 1 to 19 form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 19th October 2022 and were signed on its behalf by:



R Farquharson, Trustee



T Wood, Trustee & Chair of Audit Committee

Registered number: 07317195

NORTHEASTERN UNIVERSITY – LONDON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £'000	2021 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations (see below)		4,244	8,763
Net cash from operating activities		4,244	8,763
 CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,270)	(5,172)
Investment income		-	-
Net cash used in investing activities		(6,270)	(5,172)
 Net increase / (decrease) in cash and cash equivalents			
		(2,026)	3,591
Cash and cash equivalents at beginning of period		4,599	1,008
Cash and cash equivalents at end of period (see below)		2,573	4,599
 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities			
Net income / (expenditure)		2,110	5,256
Adjustments for:			
Depreciation	7	938	23
Investment income	4	-	-
(Increase) / Decrease in trade and other receivables	9	(1,429)	(1,258)
Increase / (Decrease) in trade payables	10	2,530	4,742
Increase / (Decrease) in provisions (exc restitution)	11	95	0
Cash generated from operations		4,244	8,763
 ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at bank		2,573	4,599

NORTHEASTERN UNIVERSITY – LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1.1 Company Information

Northeastern University - London is a registered charity (no. 1189858) and public benefit entity in England and Wales (registration approved 9 June 2020) and a company limited by shares incorporated and registered in England (no.07317195) on 16th July 2010. The address of the registered office is Devon House, 58 St Katherine's Dock, London, E1W 1JP. The University changed its name Northeastern University – London on 13th July 2022.

1.2 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the OfS Accounts Direction (2019).

1.3 Going Concern

In preparing these financial statements the Trustees have considered the current financial position of the University together with cashflow forecast for the foreseeable future in order to determine whether the financial statements can be prepared on a going concern basis.

During the previous year the University was able to shift to online delivery of its teaching provision the week before Lockdown was imposed for the UK, and then adapt to a return to Hybrid learning and working at the same time as growing our student, staff and faculty numbers.

The initiatives mentioned in the 'future plans' section below, including the growth in student numbers, the launching of double validated degrees and the development of research capabilities will result in steady growth of revenues over the next few years and management have carefully considered the resources required to meet this growth when budgeting to ensure it is sustainable and viable.

The negative unrestricted reserves position reflects a number of factors. Firstly the University has been committed to investment on the new premises, Devon House, which significantly expands the resources and facilities available to meet the expected growth in student numbers. The growth this allows for together with our partnership with our parent institution will contribute to a more robust financial position in the medium term and support the University's reserve policy. The University will continue to meet its investment and working capital requirements through the grant contributions from Northeastern University, which are provided under the Deed of Grant dated 5th September 2019, as reflected above, this support will eventually taper off once the University has reached a point of overall financial self-sufficiency.

The Trustees have a reasonable expectation that the University has sufficient resources and support from Northeastern University to continue in operational existence for the foreseeable future and it remains appropriate to prepare their financial statements on a going concern basis.

1.4 Preparation of consolidated financial statements

The financial statements contain information about Northeastern University - London as an individual charitable company and do not contain consolidated financial information on the grounds that the subsidiary is immaterial.

1.5 Fees and grant income

Tuition fees - received for students studying accredited degrees and accounted in the year of study with bursaries and scholarships awarded in the year credited against these fees in the accounts.

Teaching Grants received from OfS, accounted for as unrestricted income in the year they are received.

Grants received from parent company are accounted for in the period they are received and split between Teaching & Learning unrestricted grants and Capital restricted grants.

External research grants are accounted for in restricted income and mostly disbursed in the year received

NORTHEASTERN UNIVERSITY – LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The University holds no property or freehold land assets. Depreciation is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases and recognised within the statement of financial activities:

Office equipment	25% straight line
Fixtures & fittings	10% straight line
Leasehold improvements	over the lease term

Assets in the course of construction are capitalised at cost but are not depreciated until they become available for use, they are then depreciated over the lease term.

1.7 Intangible fixed assets and amortisation

The University has no intangible fixed assets as at the date of signing these accounts.

1.8 Pension

The University operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

1.9 Operating Leases

Rentals on operating leases are charged to the profit and loss account in the period in which they fall due.

1.10 Funds

The total funds of the University are allocated to unrestricted and restricted based on the terms set by the donors.

Unrestricted funds are funds that are available for use at the discretion of the University in furtherance of its objectives and are divided between Designated and General Funds. Designated Funds are unrestricted funds which have been set aside by the University for specific purposes, which include those funds represented by fixed assets. General Funds are funds available for the provision of working capital and reserves for the general administration of the University.

Restricted funds comprise grants where donors have earmarked funds for specific purposes. The majority of this is related to grants provided by Northeastern University for the sole purpose of supporting the development of the University's new campus. At the year £1.6m remained unspent but designated for the purpose of fixed asset development.

Following the decision to close the related trust, New University of the Humanities Trust (Trust), charity ref number 1141608). The Trust transferred the remaining assets (£78k) to the University, where these assets are held in a separate restricted fund. This fund will be utilised in line with the articles and objectives of Trust and reserved for the financing of bursaries and hardship grants for students who meet means tested eligibility criteria. During 21-22 £6,000 of this fund were released to support students with financial needs leaving a fund of £72k to disburse in future years.

1.11 Provisions

Provisions are recognised when the University has a present legal or constructive obligation because of past events, it is probably that a transfer of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole a provision is recognised even if the likelihood of an outflows with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the amount expected to be required to settle the obligations

NORTHEASTERN UNIVERSITY – LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.12 Financial Instruments

The University has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash in hand and at bank, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, accruals, trade and other creditors.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Loans

Loans, are measured at fair value, net of transaction costs.

Investment in subsidiary

The investment in subsidiary is measured at cost less impairment.

1.13 Redundancy payments

Termination benefits are payable when employment is terminated by the University or whenever an employee accepts voluntary redundancy in exchange for these benefits. The University recognises termination benefits when a fully signed settlement agreement is in place, or when the cost has otherwise been confirmed and committed to.

1.14 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the University's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, whether the revision affects only that period, or whether they also affect future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

NORTHEASTERN UNIVERSITY – LONDON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
		£'000	£'000
2	INCOME FROM CHARITABLE ACTIVITIES		
	Unrestricted funds		
	Tuition Fees – UK Undergraduates taught awards	2,468	2,293
	Tuition Fees – UK Postgraduates taught awards	455	205
	Programme Fees from Northeastern University	13,397	-
	Tuition EDGE - Part time undergraduates	729	83
	EDGE Division – Other Income	875	21
	Other academic income	134	10
		<u>18,058</u>	<u>2,612</u>
	The fee income above is net of all student support as follows:		
	Bursaries for Non-WP students *	65	49
	Scholarships – Undergraduate students	121	110
	Scholarships – Postgraduate students	10	8
		<u>196</u>	<u>167</u>
* Bursaries for Widening Participation Students area accounted for as a cost in the relevant department.			
3	GRANTS	2022	2021
		£'000	£'000
	Unrestricted		
	Teaching & Learning	-	9,800
	Restricted		
	Capital Development (Devon House)	5,442	6,600
	OfS Hardship Grant – student support disbursed in the year	23	15
	OfS Teaching Grant	60	34
	Grant from NCH Trust – for student support	-	78
	External research grants	40	-
	Total Restricted Grants	<u>5,565</u>	<u>6,727</u>
4	OTHER INCOME	2022	2021
		£'000	£'000
	Miscellaneous income	15	2
	Interest (investment) income	-	-
	Total Other Income	<u>15</u>	<u>2</u>

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FOR THE YEAR ENDED 30 JUNE 2022

5 ANALYSIS OF EXPENDITURE	2022 £'000	2021 £'000
Charitable Expenditure		
Direct staff costs allocated to:		
Teaching & Research	6,404	4,357
Other direct costs allocated to:		
Teaching & Research	6,024	3,446
Support and Governance costs allocated to: (see below)		
Teaching & learning	9,100	6,097
Total Expenditure	21,528	13,900
Analysis of Support and Governance Costs	£'000	£'000
Student Recruitment activities	977	635
Admissions & Access and Participation	179	102
Marketing Activities	672	909
Other Support (inc HR, Finance & IT)	2,031	897
Premises Costs	5,203	3,527
Governance costs (see below)	38	27
Total Support & Governance Costs	9,100	6,097
Governance Costs comprise	£'000	£'000
Auditors remuneration – audit services	38	23
Auditors remuneration – other services	-	4
	-	-
Total Governance Costs	38	27
Access and Participation Costs comprise	£'000	£'000
Access investment	72	30
Financial support provided to students in the financial year	100*	124
Research and evaluation	8	40
Support for disabled students in the financial year	15	12
Total APP Costs	195	206

* Financial support costs in the table above include £42k for wages not included in the Admissions & Widening Participation figure above as they are reported within Direct Staff Costs allocated to T&R.

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6	STAFF COSTS	2022	2021
		£'000	£'000
	The aggregate staff costs for the year were as follows		
	Salaries and wages	6,498	4,491
	Social Security costs	729	523
	Pension costs (Stakeholder and Occupational schemes)	543	534
	Other benefits	43	35
	Total Other Income	<u>7,813</u>	<u>5,583</u>
	Aggregate employee benefits of key management personnel (KMP)	1,408	1,205
	Key management personnel are listed on page 2.		
	Average number of employees on a full time equivalent basis was as follows:		
	Trustees	1	1
	Tuition and research	63	51
	Support	76	49
	Total	<u>140</u>	<u>101</u>
	Average number of employees on an actual basis was as follows		
	Trustees	1	1
	Tuition and research	109	69
	Support	98	59
	Total	<u>208</u>	<u>129</u>
	Number of higher paid employees with aggregate employee benefits in excess of £60k:	2022	2021
			check
	£60,001-£70,000	11	10
	£70,001-£80,000	3	1
	£80,001-£90,000	3	1
	£90,001-£100,000	2	-
	£140,001-£150,000	-	1
	£150,001-£160,000	1	-
	£160,001-£170,000	-	-
	£180,001-£190,000	1	2
	£200,001-£210,000	1	-
	Total	22	15

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

6 STAFF COSTS (Continued)

There was only one severance payment in the year, made in July 2021 for £1,834 (2021 £nil). This was for loss of office following a redundancy situation where no suitable alternative employment could be found.

Number of employees with a basic salary (FTE) in excess of £100,000

The number of staff including the CEO whose FTE basic salary (before salary sacrifice and excluding bonuses, employer's pension contribution) in excess of £100,000 in the following ranges was:

	2022	2021 check
£145,001-£150,000	1	1
£150,001-£155,000	1	1
£190,001-£195,000	0	1
£195,001-£200,000	1	-

HEAD PROVIDER (TRUSTEE REMUNERATION) DISCLOSURES

In accordance with the Articles of Association, the CEO (Head of the Provider for the whole year) R Farquharson, received a basic salary of £155,000 during the year, of which £12,738 was paid into a pension scheme by way of salary sacrifice. In addition to this the University also paid £14,071 in employer pension contributions. This is included in the above note as R Farquharson is classed as KMP as well as a Trustee, due to his role as CEO.

The Head of Provider basic salary ratio is 5:1 to the median salary in the University. The ratio of his total remuneration including other benefits is also 4:1 compared to the median.

In the prior year, (from July 2020 to March 2021) the Head of the Provider was A C Grayling with remuneration of £135,188 plus £9,718.77 salary sacrificed for pension contributions, with employer costs of £13,203.75 for pension and £4,251.84 for Healthcare. For the last three months of the financial year the Head of Provider was R Farquharson with remuneration of £82,902.58 (inclusive of £48,850 bonus payments) and salary sacrifice amounting to £6,466.41 for pension payments. The University made further pension contributions of £6,443.10.

A C Grayling remains employed by NU London as Principal and Founder. As such he received basic salary of £197,313 of which £16,314.12 was paid into a pension scheme by way of salary sacrifice. The University contributed a further £17,972.24 in employer pension contributions and £6,786.99 in healthcare benefit payments during the year.

There were no expenses relating to travel and accommodation incurred in their capacity as Trustee in the current and prior year,

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7 TANGIBLE FIXED ASSETS

	Office Equipment £'000	Fixtures & Fittings £'000	Assets Under Construction £'000	Leasehold Improvements £'000	Total £'000
Cost					
At 1 July 2021	459	5	5,623	-	6,087
Additions	2,171	1,241	3,303	-	6,715*
Transfers from AUC to LI	-	-	(6,685)	6,685	-
At 30 June 2022	2,630	1,246	2,241	6,685	12,802
Depreciation					
At 1 July 2021	(44)	(3)	-	-	(47)
Charge in the year	(489)	(91)	-	(358)	(938)
At 30 June 2022	(533)	(94)	-	(358)	(985)
Net book value					
As at 30 June 2022	2,097	1,152	2,241	6,327	11,817
At 30 June 2021	415	2	5,623	-	6,040

* For the purposes of the Cash Flow statement we will remove the element that relates to the accrued restitution provision where no expenditure has taken place leaving a balance for Cashflow of £6,270k

8 FIXED ASSET INVESTMENTS

	£'000
Investment in Subsidiaries	
Cost	
At 1 July 2021	1
Additions	-
At 30 June 2022	1
Net book value	
As at 30 June 2022	1
At 30 June 2021	1

The University's investment at the balance sheet date is one ordinary share in a 100% owned Subsidiary, New College of the Humanities Ltd, (NCHL) Devon House, 58 St Katherine's Dock, London, E1W 1JP a company incorporated in the United Kingdom with company number 07917776, whose principal activity was the provision of higher education in the humanities. NCHL is now dormant so it had no trading activity, its net reserves remain £75,598, as per June 2020. Reserves include a balance owed to NUK which is now impaired in these accounts as it is deemed unlikely it will be repaid in the medium term. This entity has not been included within the consolidation on the grounds that the entity is immaterial to the group.

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9 DEBTORS

	2022	2021
	£'000	£'000
Trade debtors	605	6
Prepayments and accrued income	2,456	1,554
Other debtors	169	241
Total	3,230	1,801

10 CREDITORS

	2022	2021
	£'000	£'000
Amounts falling due within one year		
Trade creditors	2,453	2,308
Accruals and deferred income	5,120	2,887
Tax and social security	241	208
Dilapidation provision for previous leasehold	356	-
Other creditors	385	266
Total	8,555	5,669

The increase in creditors from 2021 included in the Statement of Cashflows removes the Dilapidation provision included above as it had already been accounted for as part of provisions.

Amounts falling due after one year

Dilapidation provision for previous leasehold	-	261
Restitution provision for Devon House	1,279	836
Total	1,279	1,097

11 PROVISIONS

	Dilapidation	Restitution	2022	2021
	£'000	£'000	Total	Total
	£'000	£'000	£'000	£'000
Balance brought forward	261	836	1,097	261
Released in the period				-
Provided for in the period	95	443	538	836
	356	1279	1,635	1,097

Dilapidation provision relates to leasehold properties where NU - London has a contractual obligation to bear such costs. The provision for these costs is based on management's best estimates. The landlord's work has been ongoing since February 2022 and will be completed in the Autumn of 2022 when the provision will be released against the cost. This provision is included in creditors due within one year.

During the prior year a provision was created against the costs of restitution for the leasehold in Devon House, which spans 15 years. This cost was estimated by our surveyors Hennessy Godden and is reviewed on an annual basis to include any changes of estimates as well as any additional leasehold properties that require a restitution. This provision is included in creditors due after one year.

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12 OPERATING LEASE COMMITMENTS

During the year £2,992k was recognised as an expense in the Statement of Financial Activities in respect of operating leases (2020: £2,196k). At 30 June 2022 the University had total commitments under non-cancellable operating leases over the remaining life of these leases.

	2022	2021
	£'000	£'000
Land and Buildings		
Within one year	2,072	217
Between two and five years	13,494	9,720
After more than five years	29,196	25,211
	<u>44,762</u>	<u>35,148</u>

In October 2020 the University signed a 15 year lease for 3 spaces within Devon House, St Katherine's Dock. The leases offered a rent free period of 23 months at the beginning of the contract and a further 6 months on the 10th anniversary.

In December 2021 the University signed a further lease for Second Floor East of Devon House to run concurrently with existing lease, which also includes similar rent free periods.

The schedule above reflects the timing of actual payments to the landlord and reflects the rent free periods.

13 FUNDS NOTE FOR CURRENT YEAR AND PRIOR YEAR

2022	Balance at 1	Income	Expenditure	Transfers,	Balance at
	July 2021	£'000	£'000	gains and	30 June
	£'000	£'000	£'000	losses	2022
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds					
General Reserves					
– P&L	(33,662)	18,074	(21,463)	(1)	(37,052)
– Capital	32,604	-	-	-	32,604
Designated funds - FA	5,205	-	-	5,333	10,538
	<u>4,147</u>	<u>18,074</u>	<u>(21,463)</u>	<u>5,332</u>	<u>6,090</u>
Restricted funds					
NCH Trust	78	-	(6)	-	72
External Grants	-	100	(36)	-	64
Capital Funding	1,452	5,464	(23)	(5,332)	1,561
	<u>1,530</u>	<u>5,564</u>	<u>(65)</u>	<u>(5,332)</u>	<u>1,697</u>
Total funds 2022	<u>5,677</u>	<u>23,638</u>	<u>(21,528)</u>	<u>-</u>	<u>7,787</u>

NORTHEASTERN UNIVERSITY – LONDON

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FOR THE YEAR ENDED 30 JUNE 2022

2021	Balance at 1 July 2020 £'000	Income £'000	Expenditure £'000	Transfers, gains and losses £'000	Balance at 30 June 2021 £'000
Unrestricted funds					
General Reserves					
– P&L	(32,240)	12,463	(13,885)	-	(33,662)
– Capital	32,604	-	-	-	32,604
Designated funds - FA	57	-	-	5,148	5,205
	<u>421</u>	<u>12,463</u>	<u>(13,885)</u>	<u>5,148</u>	<u>4,147</u>
Restricted funds					
NCH Trust	-	78	-	-	78
Capital Funding	-	6,615	(15)	(5,148)	1,452
	<u>-</u>	<u>6,693</u>	<u>(15)</u>	<u>(5,148)</u>	<u>1,530</u>
Total funds 2021	<u>421</u>	<u>19,156</u>	<u>(13,900)</u>	<u>-</u>	<u>5,677</u>

Analysis of net assets between funds:

2022	Restricted £'000	Unrestricted £'000	Designated £'000	Total Funds £'000
Fixed Assets	-	-	11,817	11,817
Net Current Assets	1,697	(4,092)	-	(2,395)
Provisions	-	(356)	(1,279)	(1,635)
	<u>1,697</u>	<u>(4,448)</u>	<u>10,538</u>	<u>7,787</u>

2021	Restricted £'000	Unrestricted £'000	Designated £'000	Total Funds £'000
Fixed Assets	-	-	6,041	6,041
Net Current Assets	1,530	(797)	-	733
Provisions	-	(261)	(836)	(1,097)
	<u>1,530</u>	<u>(1,058)</u>	<u>5,205</u>	<u>5,677</u>

14 SHARE CAPITAL

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	13,850	13,850
Capital Contribution	-	-
	<u>13,850</u>	<u>13,850</u>

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15 FINANCIAL INSTRUMENTS

	2022	2021
	£'000	£'000
Financial assets measured at amortised cost	3,527	4,854
Financial assets measured at fair value		-
Financial liabilities measured at amortised cost	(8,226)	(5,370)
	(4,699)	(516)

- a) Financial assets measured at amortised cost includes include cash, trade and fee debtors, staff loans, other debtors & accrued income, but exclude amounts due from HMRC.
- b) Financial assets measured at fair value consists of investments.
- c) Financial liabilities include trade creditors, other creditors, accruals, bank loans & pension liabilities but excluding amounts owed to HMRC and deferred income.

16 CAPITAL COMMITMENTS

As at 30th June 2022 the University was undergoing a capital project to habilitate the Second floor west of Devon House for teaching space. The committed costs of the project at that date were £4,521,000 of which £2,514,369 had been spent already, leaving a further capital commitment beyond year end of £2,006,631.

17 RELATED PARTY TRANSACTIONS

The University's parent is Northeastern University, an educational institution incorporated under the laws of the Commonwealth of Massachusetts, United States, being a non-stock, non-profit educational charity with tax exempt status (EIN: 04-1679980) under section 501(c)(3) of the United States Internal Revenue Code. Main address is 360 Huntington Avenue, Boston, MA 02115, United States. Consolidated accounts are available on Northeastern University's website;
<https://finance.northeastern.edu/financial-statements>.

There were no related transactions in the year with the subsidiary, NCHL, due to the latter being dormant. See note 8 for reference to impairment of debit owed from NCHL to NU London.

18 CONTINGENT LIABILITIES

The University had no contingent liabilities as at 30 June 2022 (2021: none)

19 POST BALANCE SHEET EVENTS

On 15th August 2022 the University signed an agreement which commits them to a rental lease for new premises at Marble Quay in St Katharine's Dock, once planning permission is granted by the local authority. The rental lease will run concurrently with the pre-existing lease and benefits from the same rent free period arrangement.