



REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

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Regularity report to the Corporation and the Learning and Skills Council

Brighton Hove & Sussex Sixth Form College
205 Dyke Road
Hove
East Sussex BN3 6EG

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2008.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Brighton Hove and Sussex Sixth Form College. The College is an exempt charity for the purposes of the Charities Act 1993.

Mission

The College's mission as approved is:

To transform lives through learning. We will accomplish this by:

- Meeting the individual learning needs of students within the curriculum
- Supporting learners to achieve via the guidance programme
- Working in partnership with other organisations, including Learning and Skills Council Sussex (LSCS) and other educational providers

Implementation of strategic plan

In 2006 the College prepared a strategic plan for the period until 31 July 2009. Achievement, thus far, against our strategic objectives for the period is given below in brackets:

Target 1: Learner Numbers

	2006-07	2007-08	2008-09
FE	1698 (1597)	1698 (1736)	1722
WBL	126 (96)	126 (46)	126

Target 2: Success Rates¹

	2006-07	2007-08	2008-09
FE	84 (82)	84 (86)	84
WBL	44 (61)	46 (62)	48

Target 3: Quality

- With the exception of Leadership and Management, all DRAPs, GRAPs and SARAPs to achieve grade 2 or better by July 2007 and sustain that level throughout the rest of the period.

(Of 45 grades, 2 were judged to be grade 3 (satisfactory); 43 were judged to be grade 2 or 1).

- Leadership and Management to achieve grade 1 by July 2007 and sustain that level throughout the rest of the period.

(This was graded 2).

¹ defined as "retention x achievement";

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Operating and Financial Review (continued)

Target 4: Financial Health

The college uses the following financial targets to monitor its financial health:

Measure	Target	Outcome at 31 July 2008
cash days in hand including short term investments	minimum of 25 days	3 days
historic cost surplus	range £25k-£50k per annum	£(35)
general reserves over income	minimum of 10%	22%
current assets to current liabilities	minimum of 1.0 to 1.0	0.61 to 1.0
planned maintenance	to adhere to the agreed planned maintenance programme	no current planned maintenance programme due to commencement of building programme
pay as % of income	stabilise ratio in range 70% - 80%	76%
non LSC income as % of income	achieve proportion of 10%	6.62%

Whilst the College is in a net current liability position and has a current ratio below 1, it has sufficient bank facilities available to ensure it can continue to trade for a period of at least twelve months. Additionally the College has recently had its accommodation designs approved by the LSC for which it had to demonstrate its financial solvency before capital funds would be made available. This was achieved and on the basis of the plan established the College anticipates returning to Category A status within 2 years of building works being completed. In the intervening period the current ratio is anticipated to remain below the desired target of 1 due to the level of authorised building costs.

Target 5: Accommodation

- Implement the Property Masterplan

(By July 2008, we had achieved full planning permission, received approval from the LSC to our Application in Principle and appointed a Design Team).

The College's key achievements during 2007/08 as a result of implementing its annual operating plan are given below:

- A very successful Ofsted Inspection leading to the award of Beacon Status
- Practical demonstration of the College's commitment to embedding a trust culture in the College
- Reform of the student referral system
- Improvement of the clarity with which the 'student voice' is heard within the College, notably by re-instatement of the Cross College Council
- Preparation for curriculum changes taking effect from September 2008
- Development of Service Level Agreements in Support Departments
- Achievement of AiP approval and full planning permission for our building plans.

The College's exam results again showed students achieving very well at all levels and on academic and vocational courses alike. The most striking, positive statistic was the A*-C pass rate at GCSE (see table below). The A/B rate at AS level fell but lay within the somewhat volatile trend over recent years. The A/B rate at A level rose by what certainly appears to be a statistically significant jump (the press reported the national A grade rate as being approximately 26% in comparison to BHASVIC's 30.3%). The independent assessment of our value-added rated our results at both A and AS level as 'excellent'.

- Overall A*-C pass rate of 79.4% at GCSE, including 94.6% A*-C pass rate in English and 95.2% in Science (see table below)
- Four of seven BTEC courses with 100% pass rates
- Four of six OCR National Certificate courses with 100% pass rates
- Two of four NCFE courses with 100% pass rates
- Two of three City and Guilds courses with 100% pass rates
- 100% pass rate at NVQ Level 1 Italian

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Operating and Financial Review (continued)

GCSE A*-C pass rates 2003-2008

	A*-C %
2003	64
2004	60
2005	69
2006	71
2007	68
2008 (provisional)	79.4

A/B and A/E pass rates at AS and A Level 2003-08

	AS Level		A Level	
	A/B%	A/E%	A/B%	A/E%
2003	39.2	88.9	45.9	95.6
2004	38.6	87.9	47.0	95.7
2005	43.5	91.3	51.7	97.5
2006	41.4	89.8	53.5	97.4
2007	46.8	92.4	55.9	98.2
2008(provisional)	44.6	92.7	59.7	98.9

- 10 of 45 courses (22.2%) at AS level with 100% pass rates
- 33 of 42 courses (78.5%) at A level with 100% pass rates

Overall College grades for value-added at AS and A Level 2004-07 in the ALPS system²

	AS	A
2004	5	4
2005	3	3
2006	4	3
2007	4	2
2008	3	3

Performance indicators

Although the LSC continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit three-year development plans to their local LSC offices, which are reviewed each year. These development plans focus on four headline targets:

- Learner number growth and achievement of LSC funding targets
- Learner success rates
- Teacher qualifications
- Employer engagement

As far as is currently possible, these four targets are reported on above.

Operating and Financial Review (continued)

² The ALPS grading system goes from 1 (highest) to 9 (lowest) but only introduced overall College gradings in 2004. Grades 1-3 are 'excellent'; grades 4-6 are 'very good to satisfactory'

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The LSC is also moving towards a new system of performance measures for colleges, the “Framework for Excellence”. This framework is intended to be implemented across all providers in 2008/09 and in the intervening period, pilot institutions are developing the measures to be employed. The College will be monitored against the draft measures alongside the existing measures. The Framework has three dimensions:

- Responsiveness
- Effectiveness
- Finance

Each of which has two or three Key Performance Areas. These Areas are further broken down into Performance Indicators supported by Performance Measures which are absolute measures of performance such as the outcome from a learner survey or a qualification success rate. In deriving the overall performance rating, the Framework gives equal weighting to each of the three dimensions.

The College is committed to observing the importance of measures and indicators within the draft Framework and is monitoring these through the completion of the annual Finance Record for the LSC. As benchmarks develop so the College will be better placed to take appropriate action in the light of the overall performance rating. The current rating of Good is considered to be an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated an historical cost deficit for the year of £35,000 (2006-07 deficit £89,000).

The College has accumulated reserves of £3,421,000 and cash balances of £58,000.

Tangible fixed asset additions during the year amounted to £1,282,000. This was split between land and buildings acquired, as assets under construction, of £1,230,000 and equipment purchased of £52,000.

The College has significant reliance on the LSC for its principal funding source, largely from recurrent grants. In 2007/08 the LSC provided 93% of the College’s total income.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

All borrowing whether for temporary revenue purposes or long term projects requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the LSC.

Cash flows

At £281,000 (2006/07 £429,000) operating cash in flow was reasonably strong.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2007/08 the College has delivered activity that has produced £7,544,480 in LSC main allocation funding (2006/07 - £7,390,000). The College had approximately 1,710 LSC funded students and 11 non – LSC – funded students.

Operating and Financial Review (continued)

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Curriculum developments

BHASVIC provides an extensive range of programmes and activities which meet the needs and interests of a broad range of learners. Evidence includes:

- A well-regarded pre-enrolment programme that helps students choose appropriate courses (including taster days, Open Evenings, a pre-enrolment interview, tours of the College, a post-GCSE results advisory service and an enrolment interview)
- A broad range of courses: 38 A2 courses, 43 AS courses, five AVCE/OCR/BTEC courses at level 3, 7 GCSE courses, 4 OCR/BTEC courses at level 2, six other level 2 courses and fourteen courses at level 1.
- Students with 4 A*-C grades at GCSE may apply for a 'mix and match' programme, consisting of two AS levels and two intermediate level courses.
- Good levels of student satisfaction: 75% of all students agreed that their course had kept them motivated. 80% of all students would recommend the courses they studied to others.

BHASVIC continues to play an active role in the city's Partnership Board and its related committees. BHASVIC has led on the new Diplomas, offering Society Health and Development at Level III from September 2008. Collaborative work is continuing to take place Falmer School and Cardinal Newman school, both of which are offering the qualification at Level II. BHASVIC is also offering a Level I E2E programme in Sport in the 2008 / 2009 academic year in response the September Guarantee.

Payment performance

The Late Payment of Commercial Debts (Interest) Act which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2007 to 31 July 2008, the College paid 84% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post balance sheet events

There were no significant post balance sheet events

Future developments

The College is under Plan Led Funding and hence income for 2008/09 has been confirmed at £8,430,838.

With regard to the improved capacity provided by the new building, the College seeks to increase student numbers over the next 3 years to 1,938.

RESOURCES

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

Financial

The College has £5,258,000 of net assets (including £725,000 of pension liability) and long term debt of £871,000.

People

The College employs 182 people (expressed as full time equivalents), of whom 106 are teaching staff.

Reputation

The College has a very good reputation locally and nationally. Maintaining this reputation is essential for the College's success at attracting students and external relationships.

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Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed once a term by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a twice termly review of the register by the College Management Team.

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

Government funding

The College has considerable reliance on continued government funding through the LSC. In 2008, 93% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the local LSC

The principal other risks for the College, as identified in the risk register, are to do with infrastructure: insufficient appropriate equipment, teaching accommodation, staff workspace and student accommodation. The College is currently working hard to address these problems by progressing a capital application to the LSC, for which full planning permission has already been achieved. If successful, this will bring to the fore a further key risk in the register; the chance that teaching and learning could be disrupted by noisy building work. At the appropriate time the College will, with its project managers, ensure that the phasing of all work is such as to obviate this risk materialising.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Funding Council;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Government Offices / Regional Development Agencies;

Operating and Financial Review (continued)

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- The local community;
- Other FE institutions;
- Trade Unions;
- Professional bodies.

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

Equal opportunities and employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, able-bodiedness, class and age. We strive vigorously to remove conditions, which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy including its' Race Relations Policy, is published on the college's internet site.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An Equality and Diversity Action Plan is published each year and is monitored by managers and governors.

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001.

- a) The College has a designated Equality and Diversity Officer who provides information and advice to staff and students. The Learning Support Department makes provision for students with disabilities.
- b) There is a range of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the Learning Support Department.
- c) The admissions policy for all students is published on the College website. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d) The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and / or disabilities. There are a number of classroom learner assistants who can provide in class support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.
- e) Counselling and welfare services are described in the Student Handbook, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 11 December 2008 and signed on its behalf by:

Peter Freeman

Chair

Operating and Financial Review (continued)

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Professional advisers

Financial Statement and regularity auditors:

Tenon Audit Ltd
Clifton House
Bunnian Place
Basingstoke
Hampshire

Internal Auditors:

Hampshire Audit Services
Hampshire County Council
The Castle
Winchester
Hampshire

Bankers:

Lloyds TSB PLC
25 Gresham Street
London EC2V 7HN

Solicitors:

Thomas Eggar
Belmont House
Station Way
Crawley
West Sussex

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The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with the provision of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2008.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed at Table 2.

Table 2: Governors serving on the College Board during 2007/08

	Date of appointment/ reappointment	Date term of office ends	Date of resignation/ End of term	Status of appointment	Committees Served
Andrew Barnett	12 Dec 2000 Reappointed 1 Oct 2005	30 Sep 2008		Business	Chair of Quality & Curriculum; Remuneration; Chairs
Vanessa Brown	12 July 2007	31 July 2010		Local Authority	Quality & Curriculum
Nigel Fisher	12 July 2007	31 July 2010		Staff	Finance & General Purposes
Peter Freeman	31 Dec 2001 Reappointed 1 Jan 2005 & 1 Jan 2008	31 Dec 2010		Business	Chair of Corporation ; Finance & General Purposes; Quality & Curriculum; Human Resources; Remuneration; Search; Premises Group; Chairs
Rosa Friend	April 2008	April 2009		Student	Quality & Curriculum
Melissa Gibbon	21 Jan 2004 Re-appointed 1 Jan 2007	31 Dec 2009		Staff	Human Resources
Yvonne Hillier	31 Mar 2007	31 Mar 2010		Business	Quality & Curriculum
Howard Kidd	1 April 2003 Reappointed 1 April 2006	31 Mar 2009		Business	Chair of Finance & General Purposes; Search; Remuneration; Premises Group; Chairs
Altaf Razak	1 Jan 2005	31 Dec 2007	31 Dec 2007	Community	Audit
Isobel Rogers	April 2007	April 2008	April 2008	Student	Quality & Curriculum
Robert Rosenthal	12 Dec 2006	31 Aug 2008		Parent	Quality & Curriculum
Jamal Salman	13 Dec 2007	31 Dec 2010		Staff	Quality & Curriculum
Richard Schaverien	1 Aug 2005	31 July 2008		Business	Chair of Human Resources
Pippa Smith	15 Dec 2004 Re-appointed 31 Mar 2007	31 March 2010		Parent Co-opted	Quality & Curriculum Human Resources
Chris Thomson	1 Sept 1998	ex officio		Principal	Finance & General Purposes; Human Resources; Quality & Curriculum; Search; Premises Group

Statement of Corporate Governance and Internal Control (continued)

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

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

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal of the College are separate.

Appointments to the Corporation

The full Corporation is the appointing authority in relation to the appointment of a Member. The procedure for selection of all Members is through the recommendation of the search committee of the Corporation. The search committee is comprised of the Chair and the Vice Chair of the Corporation, one other Committee member and the Principal. Members of the Corporation are appointed for a term of office of not more than three years, but Members retiring at the end of their term of office shall be eligible for re-election for a further period of three years.

Remuneration Committee

Throughout the year ending 31 July 2008, the College's remuneration committee comprised the Chair and Vice Chair of the Corporation and at least one other committee Chair. The committee's responsibilities include the consideration of the remuneration and the conditions of service of the Senior Post Holders and to make recommendations to the Corporation accordingly.

Details of remuneration for the year ended 31 July 2008 are set out in notes 5 and 6 to the financial statements.

Audit Committee

The audit committee comprises Members of the Corporation or others and may include employees of the Corporation other than those in senior posts. The Chair of Corporation, the Principal and Students may not be members. The Committee acts in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy of the college's systems of internal control and its arrangements for risk management, control and governance processes.

The audit committee meets on a termly basis and provides a forum for reporting by the College's internal and external auditors, who have access to the committee for independent discussion and where applicable, without the presence of College management. The committee also receives and considers reports from the LSC as they affect the College's business.

The College's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the audit committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Statement of Corporate Governance and Internal Control (continued)

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Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the college for the year ended 31 July 2008 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2008 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

BHASVIC has an internal audit service, provided by Hampshire County Council, which operates in accordance with the requirements of the Council's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's governing body on the recommendation of the audit committee. At least annually the internal audit service provides the governing body with a report on internal audit activity in the college. The report includes the independent opinion of the internal audit service provider on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

Statement of Corporate Governance and Internal Control (continued)

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The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit, which includes recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2008 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2008.

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 11 December 2008 and signed on its behalf by:

Peter Freeman
Chair

Chris Thomson
Principal

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
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Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the LSC and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the College and the results for that year.

In preparing the financial statements the Corporation is required to:

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

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

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

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

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

Approved by the members of the Corporation on 11 December 2008 and signed on its behalf by:

Peter Freeman
Chair

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
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INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE

We have audited the financial statements of Brighton Hove and Sussex Sixth Form College for the year ended 31 July 2008, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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

Respective Responsibilities of the Members of the Corporation of Brighton Hove and Sussex Sixth Form College and Auditors

As described in the Statement of Responsibilities the College's Corporation is responsible for preparing the Members report and financial statements in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the college has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Members' Report (including the corporate governance statement) and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the college as at 31 July 2008 and of the College's deficit of income over expenditure for the year then ended, and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BRIGHTON HOVE AND SUSSEX
SIXTH FORM COLLEGE (CONT)

Tenon Audit Limited
Registered Auditor
Clifton House
Bunnian Place
Basingstoke
Hampshire
RG21 7JE

Date

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

INCOME AND EXPENDITURE ACCOUNT

	Note	2008 £000	2007 £000
INCOME			
Funding Council income	2	7851	7899
Tuition fees and charges	3	60	73
Other operating income	4	475	497
Endowment and Investment Income	5	22	20
TOTAL INCOME		<u>8408</u>	<u>8489</u>
 EXPENDITURE			
Staff costs	6&7	6394	6167
Other operating expenses	8	1739	1959
Depreciation – Normal	11	370	359
Depreciation - Impairment	11	-	756
Interest payable	9	54	68
TOTAL EXPENDITURE		<u>8557</u>	<u>9309</u>
 (Deficit) on continuing operations after depreciation of assets at valuation and before taxation		 (149)	 (820)
 Loss on disposal of assets	11	 <u>-</u>	 <u>-</u>
 (Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		 (149)	 (820)
 Taxation	10	 -	 -
 (Deficit) on continuing operations after depreciation of assets at valuation and taxation		 <u>(149)</u>	 <u>(820)</u>

The income and expenditure account is in respect of continuing activities.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	2008 £000	2007 £000
(Deficit) on continuing operations after depreciation of assets at valuation and taxation		(149)	(820)
Decrease in the value of investments		(3)	-
Actuarial gain/(loss) in respect of pension scheme	20	<u>(323)</u>	<u>293</u>
TOTAL RECOGNISED (LOSSES) SINCE LAST REPORT		<u>(475)</u>	<u>(527)</u>

Reconciliation

Opening reserves		3896	4423
Total recognised gains and losses for the year		<u>(475)</u>	<u>(527)</u>
Closing reserves		<u>3421</u>	<u>3896</u>

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	Note	2008 £000	2007 £000
(Deficit) on continuing operations after depreciation of assets at valuation and taxation		(149)	(820)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	<u>114</u>	<u>731</u>
HISTORICAL COST (DEFICIT) FOR THE YEAR		<u>(35)</u>	<u>(89)</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

BALANCE SHEET

	Note	2008 £000	2007 £000
FIXED ASSETS			
Tangible Assets	11	<u>7141</u>	<u>6229</u>
CURRENT ASSETS			
Stock		2	1
Debtors	12	321	113
Investments	1	65	68
Cash at bank and in hand		<u>58</u>	<u>158</u>
		446	340
CREDITORS			
Amounts falling due within one year	13	(733)	(484)
		<u>(287)</u>	<u>(144)</u>
NET CURRENT LIABILITIES			
		6854	6085
CREDITORS			
Amounts falling due after more than one year	14	(871)	(955)
		<u>5983</u>	<u>5130</u>
NET ASSETS EXCLUDING PENSION LIABILITY			
Net pension liability	20	(725)	(349)
		<u>5258</u>	<u>4781</u>
NET ASSETS INCLUDING PENSION LIABILITY			
		1837	885
FUNDING COUNCIL DEFERRED CAPITAL GRANT			
RESERVES			
Income and expenditure account excluding pension reserve	19	1860	1831
Pension reserve	20	<u>(725)</u>	<u>(349)</u>
Income and expenditure account including pension reserve	19	1135	1482
Restricted reserve	17	33	47
Revaluation reserve	18	<u>2253</u>	<u>2367</u>
Total reserves		<u>3421</u>	<u>3896</u>
		<u>5258</u>	<u>4781</u>
TOTAL			

The financial statements on pages 17 to 37 were approved by the corporation on 11 December 2008 and were signed on its behalf by

Peter Freeman
Chair

Chris Thomson
Principal

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

CASH FLOW STATEMENT
for the year ended 31 July 2008

	Note	2008 £000	2007 £000
Cash flow from operating activities	20	281	429
Returns on investments and servicing of finance	22	(38)	(47)
Capital expenditure and financial investment	22	(260)	(308)
Financing	22	(83)	(70)
Management of liquid resources	22	-	-
(Decrease)/Increase in cash in the year		<u>(100)</u>	<u>4</u>

Reconciliation of net cash flow to movement in net debt

(Decrease)/Increase in cash in the year		(100)	4
Cash inflow from new loan		-	-
Change in net debt resulting from cash flows	21	83	70
Cash inflow from change in liquid resources	21	<u>-</u>	<u>-</u>
Movement in net debt in the year	21	(17)	74
Other non cash items			
Decrease in value of investments		(3)	-
Net debt at 1 August	21	<u>(797)</u>	<u>(871)</u>
Net debt at 31 July	21	<u>(817)</u>	<u>(797)</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2008

1 ACCOUNTING POLICIES

Statement of accounting policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: 'Accounting in Further and Higher Education 2007' (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council (LSC) in the Accounts Direction Handbook.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Recognition of Income

Income from tuition fees is recognised in the period for which it is received, and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the College are included as expenditure in note 7.

Income from services rendered is included to the extent of the completion of the service concerned. All income from short term deposits is credited to the income and expenditure account in the year in which it is earned.

The recurrent grants from the LSC represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non recurrent grants from the LSC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Post retirement benefits

Retirement benefits to employees of the College are provided by The Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi employer scheme and the college is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of up to 55 years on a straight line basis. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 15, the college followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has significantly improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

Equipment

Equipment costing less than £1000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Equipment is depreciated on the straight line method as follows:

Building improvements	10% per year
Computer equipment	50% per year
Other equipment	20% per year

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs of operating leases are charged on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

1. Accounting policies (continued)

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

Investments

Investments are units in the COIF charities investment fund and shares on the AIM market. Current asset investments, which include listed investments, are stated at the lower of their cost and net realisable value.

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

The College receives no similar exemption in respect of Value Added tax. For this reason the college is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure as therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Maintenance of premises

The cost of routine maintenance is charged to the income and expenditure account in the period it is incurred.

Provisions

Provisions are recognised when the college has a present or legal constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 28, except for the 5 per cent of the grant received which is available to the college to cover administration costs relating to the grant.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

2 FUNDING COUNCIL INCOME

	2008	2007
	£000	£000
Recurrent grant	7544	7390
Release of deferred capital grants	70	70
Work based learning	112	310
Other allocations	125	129
	<u>7851</u>	<u>7899</u>

All of the above income is claimed from the LSC

3 TUITION FEES AND CHARGES

	2008	2007
	£000	£000
Tuition Fees	<u>60</u>	<u>73</u>
	60	73

4 OTHER OPERATING INCOME

	2008	2007
	£000	£000
Catering operations	171	169
Other income generating activities	125	163
Other income	179	165
	<u>475</u>	<u>497</u>

5 ENDOWMENT AND INVESTMENT INCOME

	2008	2007
	£000	£000
Other investment receivable	16	20
Pension finance income (note 20)	6	-
	<u>22</u>	<u>20</u>

6 STAFF COSTS

The average numbers of persons (including senior post holders) employed by the college during the year, expressed as full-time equivalents, were:

	2008	2007
	Number	Number
Teaching departments – teaching staff	106	106
Teaching support services	31	25
Other support services	5	6
Administration and central services	26	32
Premises	13	11
Other	1	1
	<u>182</u>	<u>181</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

6. Staff costs (continued)

Staff costs for the above persons were:

	2008 £000	2007 £000
Teaching departments – teaching staff	4459	4321
Teaching support services	699	660
Other support services	117	103
Administration and central services	816	794
Premises	219	222
Other	25	21
FRS 17 retirement benefit charge	59	46
	<u>6394</u>	<u>6167</u>

	2008 £000	2007 £000
Wages and salaries	5296	5129
Social security costs	385	380
Other pension costs (including FRS17 adjustments)	713	658
	<u>6394</u>	<u>6167</u>

Total staff costs, split by type of contract, were:

	2008 £000	2007 £000
Employment costs for staff on permanent contracts	6260	6114
Employment costs for staff on short-term and temporary contracts	134	53
	<u>6394</u>	<u>6167</u>

Restatement of comparative information

In order to better present the results of the college, the previous year's treatment of the FRS 17 retirement benefit charge to apportion across relevant staff costs has been amended to disclose the information as a single figure. The comparative figures have been restated accordingly.

The number of staff and senior post-holders who received emoluments including pension contributions and benefits in kind in the following ranges was:

	2008 Number	2007 Number
£50,001 to £60,000	2	1
£60,001 to £70,000	-	2
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-

The agreed teaching staff pay increase was implemented with effect from 1 September 2007. This ranged from 0.00% to 3.50%, according to salary scale point. A general salary increase of 3% was implemented for all support staff with effect from 1 September 2006. These pay awards were approved by the governors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

7 SENIOR POST- HOLDERS' EMOLUMENTS

Senior post holders are defined as the principal and holders of other senior posts whom the corporation have selected for the purposes of the articles of government of the college relating to the appointment and promotion of staff who are appointed by the corporation.

	2008	2007
	Number	Number
The number of senior post holders including the principal, at the end of the year was:	5	5
The emoluments for the year were made up as follows:		
	£000	£000
Salaries	273	258
Benefits in kind	-	-
Pension contributions	39	36
Total emoluments	<u>312</u>	<u>294</u>

The above emoluments include amounts payable to the principal, who is also the highest paid senior post holder of:

	2008	2007
	£000	£000
Salary	84	78
Benefits in kind	-	-
Pension contributions	12	11
Total emoluments	<u>96</u>	<u>89</u>

The members of the Corporation other than the staff members and the principal did not receive any payment from the college other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The payments to the staff members and the principal were made in their role as employees.

Senior post-holders received varying pay awards, from 4.0 % to 7.6 %.

Overseas Activities

No costs were incurred in 2007/08 in respect of overseas activities.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 OTHER OPERATING EXPENSES

	2008	2007
	£000	£000
Teaching departments	349	389
Teaching support services	102	67
Other support services	41	85
Administration and central services	391	508
General education	334	314
Premises costs – running costs	265	275
Premises costs - maintenance	146	216
Costs of catering	111	105
	<u>1739</u>	<u>1959</u>

Other operating expenses include:

	2008	2007
	£000	£000
Auditors remuneration		
-external audit	12	10
-internal audit	12	14
Other services offered by the external auditors	1	1
Hire of other assets-operating leases	12	10

9 INTEREST PAYABLE

	2008	2007
	£000	£000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	54	67
Pension finance cost	-	1
	<u>54</u>	<u>68</u>

10 TAXATION

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

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 TANGIBLE FIXED ASSETS

	Freehold Property £000	Assets in course of construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2007	8707	225	174	9106
Additions	-	1230	52	1282
Disposals	-	-	(64)	(64)
At 31 July 2008	8707	1455	162	10324
Depreciation				
At 1 August 2007	2767	-	110	2877
Charge for year	299	-	71	370
Eliminated in respect of disposals	-	-	(64)	(64)
At 31 July 2008	3066	-	117	3183
Net Book Value at 31 July 2008	5641	1455	45	7141
Net book value at 31 July 2007	5940	225	64	6229

The transitional rules set out in FRS 15 'Tangible Fixed Assets' have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Inherited land and buildings were valued on 21 January 1993 at depreciated replacement cost by a firm of independent chartered surveyors, in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance Notes.

Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £1,837,000 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the College to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included at cost £nil and accumulated depreciation £nil.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 DEBTORS

Amounts falling due within one year:

	2008	2007
	£000	£000
Debtors	159	48
Prepayments & accrued income	67	56
Amounts owed by the LSC	95	9
	<u>321</u>	<u>113</u>

13 CREDITORS

Amounts falling due within one year:

	2008	2007
	£000	£000
Bank loans and overdraft	69	68
Obligations under finance leases	-	-
Payments received on account	71	27
Trade creditors	244	132
Taxation & social security	127	123
Other creditors	222	134
	<u>733</u>	<u>484</u>

14 CREDITORS

Amounts falling due after one year:

	2008	2007
	£000	£000
Bank loan	871	955
	<u>871</u>	<u>955</u>

15 BORROWINGS

	2008	2007
	£000	£000
Bank loans		
Bank loans are repayable as follows:		
In one year or less or on demand	69	68
Between one and two years	72	72
Between two and five years	243	238
In five years or more	556	645
	<u>940</u>	<u>1023</u>

The bank loan is partly fixed and partly floating. £250,000 is floating at 0.8% over base rate payable by instalments between June 2003 and March 2018, with the remaining £700,000 fixed at 4.8% payable by instalments between January 2003 and October 2017.

The college drew down a new bank loan of £300,000 in July 2006. This is fixed at 0.6% over base rate payable by instalments between October 2006 and July 2021.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 FUNDING COUNCIL DEFERRED CAPITAL GRANTS

	2008	2007
	£000	£000
At 1 August		
Land and Buildings	885	945
Equipment	0	0
Cash received		
Land and Buildings	1022	10
Equipment	0	0
Released to income and expenditure account		
Land and Buildings	(70)	(70)
Equipment	0	0
Total	<u>1837</u>	<u>885</u>
At 31 July		
Land and Buildings	1837	885
Equipment	0	0
	<u>1837</u>	<u>885</u>

17 RESTRICTED RESERVE

	2008	2007
	£000	£000
At 1 August	47	47
Decrease in value of investment	(3)	-
Release to Income and Expenditure Reserve	(11)	-
At 31 July	<u>33</u>	<u>47</u>

The restricted reserve relates to funds held on behalf of students, which are not available to the college.

18 REVALUATION RESERVE

	2008	2007
	£000	£000
At 1 August	2367	3098
Transfer from revaluation reserve to income and expenditure in respect of:		
Disposals	-	-
Depreciation	(114)	(731)
At 31 July	<u>2253</u>	<u>2367</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 MOVEMENT ON GENERAL RESERVES

	2008	2007
	£000	£000
Income and expenditure account reserve		
At 1 August as previously stated	1482	1278
Transfer from restricted reserve	11	-
Transfer from revaluation reserve	114	731
(Deficit) for the year	(149)	(820)
Actuarial gain / (loss) in respect of pension scheme	(323)	293
At 31 July	<u>1135</u>	<u>1482</u>
	2008	2007
	£000	£000
Balance represented by:		
Pension reserve	(725)	(349)
Income and expenditure account excluding pension reserve	1860	1831
At 31 July	<u>1135</u>	<u>1482</u>

20 PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to one of two principal pension schemes. The Teacher's Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS), for non-teaching staff, which is managed by Serco. Both are defined benefit schemes.

	2008	2007
	£000	£000
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	491	489
Local Government Pension Scheme:		
Contributions paid	163	123
FRS 17 charge	59	46
Charge to the Income and Expenditure Account (staff costs)	222	169
Enhanced pension charge to Income and Expenditure Account (staff costs)	0	0
Total Pension Cost for Year	<u>713</u>	<u>658</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2007.

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2007 to 31 July 2008 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioner's benefits is included in provisions.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2008 was £219,000 of which employers contributions totalled £163,000 and employees' contributions totalled £56,000. The agreed contribution rates for future years are 14.9% for employers and banded for employees between 5.5% and 7.2%.

FRS 17

The following information is based upon a full actuarial valuation of the Fund at 31 March 2004 updated to 31 July 2008 by a qualified independent actuary.

	At 31 July 2008	At 31 July 2007
Inflation	3.8%	3.3%
Rate of increase in salaries	5.3%	4.8%
Rate of increase for pensions	3.8%	3.3%
Discount rate for liabilities	6.7%	5.8%

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

	At 31 July 2008	At 31 July 2007
Retiring today		
Males	19.6	18.9
Females	22.5	21.8
Retiring in 20 years		
Males	20.7	19.9
Females	23.6	22.8

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NOTES TO THE FINANCIAL STATEMENTS (continued)

The assets in the scheme (of which the College's share is estimated at 0.086%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £000	Long-term rate of return expected at 31 July 2007	Value at 31 July 2007 £000
Equities	7.8%	1393	8.0%	1352
Bonds	5.7%	300	5.2%	253
Property	5.7%	201	6.0%	219
Cash	4.8%	256	5.1%	266
Total Market Value of assets		2150		2090
Present value of scheme liabilities				
- Funded		(2875)		(2439)
-Unfunded		0		0
Related deferred tax liability		0		0
(Deficit in the Scheme)		(725)		(349)

Analysis of the amount charged to income and expenditure account

	2008 £000	2007 £000
Employer service cost (net of employee contributions)	153	169
Past service cost	41	-
Total operating charge	194	169

Analysis of pension finance income / (costs)

	2008 £000	2007 £000
Expected return on pension scheme assets	153	123
Interest on pension liabilities	(147)	(124)
Pension finance income / (costs)	6	(1)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(230)	74
Experience gains and losses arising on the scheme liabilities	(237)	-
Change in financial and demographic assumptions underlying the scheme liabilities	144	219
Actuarial gain/(loss) recognised in STRGL	(323)	293

Movement in deficit during year

	2008 £000	2007 £000
Deficit in scheme at 1 August	(349)	(595)
Movement in year:		
Current service charge	(153)	(169)
Contributions	135	123
Past service costs	(41)	-
Net (interest) on assets	6	(1)
Actuarial gain/(loss)	(323)	293
Deficit in scheme at 31 July	(725)	(349)

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

Asset and liability reconciliation

	2008 £000	2007 £000
Reconciliation of Liabilities		
Liabilities at start of period	2439	2349
Service cost	153	169
Interest cost	147	124
Employee contributions	56	53
Actuarial (gain)/loss	93	(218)
Benefits paid	(54)	(38)
Past service cost	41	-
Liabilities at end of period	2875	2439
 Reconciliation of Assets		
	2090	1754
Assets at start of period		
Expected return on assets	153	123
Actuarial gain/(loss)	(230)	75
Employer contributions	135	123
Employee contributions	56	53
Benefits paid	(54)	(38)
Assets at end of period	2150	2090

History of experience gains and losses	2008	2007	2006	2005	2004
Difference between the expected and actual return on assets: amount £000	(230)	74	89	168	30
% of scheme assets	(10.7%)	3.6%	5.1%	11.6%	2.5%
Experience gains and losses on scheme liabilities: amount £000	(237)	-	2	(119)	1
% of scheme liabilities	(8.2%)	-	0.1%	(5.9%)	0.1%
Total amount recognised in STRGL amount £000	(323)	293	(3)	(207)	29
% of scheme liabilities	(11.2%)	12.0%	(0.1%)	(10.3%)	2.9%

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Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 RECONCILIATION OF OPERATING (DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£000	£000
(Deficit) on continuing operations after depreciation of assets at valuation and taxation	(149)	(820)
Depreciation (note 10)	370	359
Impairment (note 10)	-	756
Deferred capital grants released to income (notes 15 and 16)	(70)	(70)
Interest payable	54	68
Pension cost less contributions payable	59	46
Increase in stock	(1)	-
(Increase)/ Decrease in debtors (note 11)	(208)	147
Increase in current asset investment donated	-	-
Increase/(Decrease) in creditors	248	(37)
Interest receivable	(22)	(20)
Net cash inflow from operating activities	<u>281</u>	<u>429</u>

22 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2007	Cashflows	Non cash	At 31 July 2008
	£000	£000	£000	£000
Cash in hand and at bank	158	(100)	-	58
Overdrafts	-	-	-	-
	<u>158</u>	<u>(100)</u>	<u>-</u>	<u>58</u>
Debt due within one year	(68)	68	(69)	(69)
Debt due after one year	(955)	15	69	(871)
Finance leases	-	-	-	-
Current asset investments	68	-	(3)	65
Short term deposits	-	-	-	-
Total	<u>(797)</u>	<u>(17)</u>	<u>(3)</u>	<u>(817)</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (continued)

23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008	2007
	£000	£000
Returns on investments and servicing of finance		
Interest received	16	20
Interest paid	<u>(54)</u>	<u>(67)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(38)</u>	<u>(47)</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1282)	(318)
Deferred capital grants received	<u>1022</u>	<u>10</u>
Net cash outflow for capital expenditure and financial investment	<u>(260)</u>	<u>(308)</u>
 Financing		
Bank loan received	-	-
Repayment of amounts borrowed	(83)	(70)
Capital element of finance lease rental payments	<u>-</u>	<u>-</u>
Net cash (outflow) from financing	<u>(83)</u>	<u>(70)</u>
 Management of liquid resources		
Cash inflow/(outflow) from short term deposits	<u>-</u>	<u>-</u>
Net cash inflow from management of liquid resources	<u>-</u>	<u>-</u>

24 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

25 CAPITAL COMMITMENTS

At the balance sheet date there was capital expenditure contracted for of £1.5m. This is in respect of professional fees relating to the proposed capital project, and is due for payment over the next 5 years.

26 FINANCIAL COMMITMENTS

At 31 July 2008 the College had annual commitments under non-cancellable operating leases as follows:

Other

	2008	2007
	£000	£000
Expiring within one year	-	-
Expiring between two and five years inclusive	<u>13</u>	<u>13</u>
	<u>13</u>	<u>13</u>

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

NOTES TO THE FINANCIAL STATEMENTS (continued)

27 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with normal business procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

28 LEARNER SUPPORT FUNDS

	2008 £000	2007 £000
Funding Council Grants	33	44
Interest Earned	-	-
	33	44
Disbursed to Students	(18)	(42)
Audit fees	-	-
Administration costs	(2)	(2)
Balance unspent at 31 July	13	0

Funding council grants are available solely for students, the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income & Expenditure Account.

BRIGHTON HOVE AND SUSSEX SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2008

Independent report to the Corporation of Brighton Hove and Sussex Sixth Form College ('the Corporation') and the Learning and Skills Council ('the LSC')

In accordance with the terms of our engagement letter dated 16 June 2006 and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of Brighton Hove and Sussex Sixth Form College ('the College') during the year ended 31 July 2008 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the LSC. Our review work has been undertaken so that we might state to the Corporation and the LSC those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the LSC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Brighton Hove and Sussex Sixth Form College and Auditors

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

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion in all material respects the expenditure and income for the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Tenon Audit Limited
Registered Auditor

Date

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