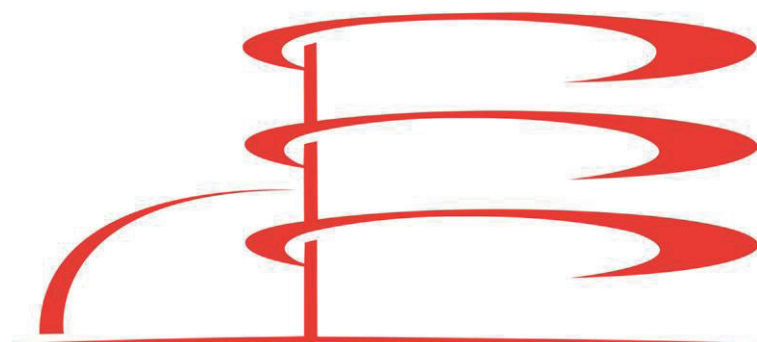


Bexhill College Financial Statements

Report and Financial Statements

for the year ended

31 July 2020



Bexhill 6th Form College

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the college senior leadership team and were represented by the following in 2019/20:

Karen Hucker Principal and CEO; Accounting officer

David Brown Vice Principal

Linda Johnson Vice Principal

Elisabeth Lawrence – Assistant Principal

Board of Governors

A full list of governors is given on pages 14 of these financial statements.

Alison Dennett acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK AUDIT LLP

Portland

25 High Street

Crawley

West Sussex

RH10 1BG

Bankers:

NATWEST BANK

9 Devonshire Road

Bexhill On Sea

TN40 1GW

Solicitors:

IRWIN MITCHELL LLP

Brunel House

21 Brunswick Place

Southampton Hampshire

SO15 2AQ

CONTENTS

PAGE NUMBER

STRATEGIC REPORT	3
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL	13
GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING	19
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION	20
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BEXHILL COLLEGE	21
STATEMENT OF COMPREHENSIVE INCOME	24
BALANCE SHEET	25
STATEMENT OF CHANGES IN RESERVES	26
STATEMENT OF CASH FLOWS	27
NOTES TO THE ACCOUNTS	28

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2020.

LEGAL STATUS

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bexhill College. The College is an exempt charity for the purpose of Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education.

The Corporation was incorporated as Bexhill College. There have been no changes to its corporate structure in 2019-2020.

VISION AND MISSION

The College's vision is 'Outstanding College, Outstanding Opportunities'

The mission statement is as follows:

"Bexhill College provides outstanding educational opportunities for the young people and wider community of Rother and Hastings and beyond."

PUBLIC BENEFIT

Bexhill College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 2000, 16 – 19 students including 14 with high needs. The College is committed to providing high quality information, advice and guidance to the students it enrolls and to offering suitable courses to as many students as possible regardless of their educational background.

STRATEGIC REPORT (CONTINUED)

IMPLEMENTATION OF STRATEGIC PLAN

In July 2018 the College adopted a strategic plan for the period 1 September 2018 to 31 July 2021. The corporation monitors the performance of the college against these plans. The plans are reviewed and updated each year. The college's continuing strategic objectives are:

1. To deliver a responsive curriculum, which provides enriching opportunities that develop students' broader skills and increases their enjoyment, achievement and positive participation in society
2. To deliver outstanding learning, teaching and assessment that places the College in the top 25% nationally facilitated by a well-trained, effective staff, supported by excellent leadership and management at all levels
3. To promote and celebrate diversity, that respects and values the individual and ensures all groups are equally successful
4. To continue to promote a safe and inspirational learning environment providing personalised support and high quality resources
5. To maintain the College's strong financial base as 'outstanding' to support the delivery of the College's objectives.

The College has worked towards these objectives over the past year however, had to adjust its delivery methods as a result of the Covid-19 pandemic. From March 23rd 2020 until 31 July 2020, the College changed its normal operations for staff and students. The College was initially closed to students except key worker children and vulnerable students who wanted to work on site. All lessons were delivered remotely. Many of our international students returned home at the start of lockdown. As lockdown restrictions eased towards the summer period, small groups of students were invited in for some face to face teaching. During the early stages of lockdown, the majority of staff who could work from home did so, with an increasing number of staff coming back on site from June 2020. Despite the impact of lockdown, the College continued to deliver its extensive curriculum and improve results. The College has maintained its outstanding financial status throughout.

The College envisages that Covid-19 will continue to have an impact on its operation for a large part of 2020-2021, not only in the pattern of delivery of education which will be blended for at least some of the year but also its practical operation and essentially finances. The costs required to ensure the College is Covid-secure is not covered by Government funding and will therefore have an impact on use of finances.

VALUES

The College has identified the following six values to underpin our work.

- Excellence: Pursuing excellence in everything we do
- Can do attitude: Looking for solutions in every challenge
- Courage: Taking the right decisions in each situation
- Respect: Always acting with integrity and treating others with dignity
- Team working: Achieving success through working with others
- Achievement driven: Having the energy and enthusiasm to achieve outstanding results

These strategic objectives formed the college's key focuses for 2019/20 and achievement of those objectives is addressed below.

FINANCIAL OBJECTIVES

The College's financial objectives are:

1. The College wishes to maintain its outstanding financial health assessment in order to:
 - meet its day to day running costs
 - provide for development of new courses and improve equipment
 - provide a degree of safety against unforeseen events e.g. adverse changes in enrolments from demographic changes and the competitive environment
 - provide for the repayment or rescheduling of the remaining capital on mortgage loans in May 2022 (£385,000) and November 2023 (£483,000)
2. The College wishes to maintain the confidence of stakeholders including auditors, funders and bankers.
3. The College wishes to provide for improvement and development of its accommodation, equipment and other resources in the most cost effective manner to support learning and teaching.
4. The College wishes to raise the awareness and understanding of staff of the financial environment in which the College operates.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

A series of key performance indicators have been agreed to monitor the successful implementation of these financial objectives and these are reflected in the financial health categories within the Annual College Budget. During the year, the College exceeded each of its strategic financial objectives on a monthly basis.

The College also uses a range of key non-financial performance indicators including:

- Achievement rates
- Learner destinations
- Learner views
- Parent views
- Employer views
- Quality Review outcomes for the Curriculum Areas

The College is committed to observing the importance of all measures and indicators.

The College is required to complete the annual finance record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the Education and Skills Funding Agency as having an "Outstanding" financial health grading. The current rating of 'Outstanding' ensures the College is well placed to support the delivery of the College's objectives.

FINANCIAL POSITION

FINANCIAL RESULTS

The College generated an operating surplus in the year of £946,000 (2018/19 – surplus of £886,000).

STRATEGIC REPORT (CONTINUED)

The College has accumulated reserves of £12,248,000 (2018/19 £12,477,000) and cash balances of £6,450,000 (2018/19 - £5,738,000). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed assets additions during the year amounted to £1,039,000. This was split between Freehold Land and Buildings acquired at £157,000, assets under construction of £543,000 and equipment purchased of £339,000.

The College had a significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grant. In 2019/20 the FE funding bodies provided 81.00% of the College's total income (2018/19 – 83.70%).

TREASURY POLICIES AND OBJECTIVES

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

The College has a separate treasury management policy in place.

All borrowing requires the authorisation of the Corporation.

CASHFLOWS AND LIQUIDITY

At £712,000 (2018/19 - £1,588,000), net cash flow from operating activities remains strong and has arisen predominantly due to the management of college resources.

STUDENT NUMBERS

In 2019/20 the College has delivered activity that has produced £8,825,000 in funding body main allocation funding (2018/19 – £8,634,000). The College had approximately 1952 funded students against a target of 1982.

STUDENT ACHIEVEMENTS

Achievement rates for 2019/20 for 16-18 year olds, the largest group of students, were 92.2% for level 3 against a national rate of 84.2%, 84.5% against a national rate of 87.7% for level 2 and 92.3% against a national rate of 85.6% for level 1.

CURRICULUM DEVELOPMENTS

The College has a broad academic and vocational curriculum which it reviews annually to ensure it meets the needs of its students and reflect the curriculum offer pre-16. As a result, it has introduced new courses in some areas of the curriculum in order to meet student needs better for example, engineering. A particular strength is preparing students for progression and the next stage in their lives. In the most recent Ofsted Report (November 2019), it noted that 'students benefit from a curriculum offer which allows them to choose from a wide and varied combination of courses.'

PAYMENT PERFORMANCE

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

STRATEGIC REPORT (CONTINUED)

POST BALANCE SHEET EVENTS

Shortly before the year end of 31 July, work commenced on the construction of a new building which will be used to provide STEM subjects such as engineering, maths and science. The total cost of this will be £1.8m of which £1.3m remains still to be paid. The project is expected to be completed by the end of December.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

FUTURE DEVELOPMENTS

The College is in a continually changing environment with regard to post 16 education. This is reflected in funding changes and potential changes in local infrastructure. The College was part of the Sussex Coast Area Review in 2015/16, the outcome of which was published in December 2016. The outcome of the review did not result in any changes for the College in terms of its position and status. The review recognised concluded that

‘Bexhill College to remain an independent Sixth Form College. The College is financially sustainable in the longer term and is serving the needs of the local community. It has a good quality and a broad curriculum offer.’

However, in the current climate, the College remains cautious with regard to future planning of the curriculum and has reflected on the changing cohort needs and the increasing demands of examination assessed academic courses and as a result, expanded its range of vocational options at level 2 and level 3. In addition, level 1 and 2 courses have also continued to offer an option for students who are not yet in a position to study at level 3. The College will also be delivering T levels from September 2021. International student numbers have been maintained this year which is pleasing in the light of Covid-19. International recruitment will remain an area of growth as an income stream in the future.

The College has approximately 2,100 16-18 students this year and would seek to maintain this capacity with managed amounts of annual growth to counteract funding cuts. It recognises that it will need to be flexible in terms of streamlining its curriculum in the light of changing policy but simultaneously recognises the need to attract more local students to maintain this number. The College’s aim is to maintain its market share despite competition from other post 16 providers as they raise their game in terms of improving quality. To do this, the College will need to ensure its curriculum provision continues to provide progression from that offered in the local schools.

The College also recognises the strength in continuing to work in partnership and to achieve this it has maintained strong links with partner schools and other post 16 providers through working together within local partnership frameworks.

In addition, in response to increase curriculum demand, the College has continued to invest over the past year in the development of its facilities. This has resulted in a growth in the number of classrooms which enables the College to grow its student number further. The College is currently replacing its hatted accommodation with a new STEM building to house engineering, physical science and maths. This will be completed by December 2020. The College has also submitted a bid for facilities development for T levels and is awaiting the outcome of that bid. The College is also embarking on an exciting partnership with Rother District Council linked to regeneration of the town and the development of educational and employment opportunities in the creative industries.

Covid-19 is expected to continue to impact on delivery going forward. This will include the approach to blended learning along with it impacting on some of the activities to enrich the curriculum such as trips and visits. In addition, there will be additional costs to implement the required measures to make the College

STRATEGIC REPORT (CONTINUED)

'Covid- secure' for staff and students which will impact on the finances. However, pleasingly, the College has recruited well for September 2020.

Bexhill College considers "going concern" assumption to be appropriate having due regard to best practice developments in the UK Corporate Governance Code 2016 in respect of going concern and risk management. The college believes it will be able to continue in operation and meet its liabilities for the foreseeable future taking account of the current position and principal risks.

RESOURCES

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

FINANCIAL

The College has £12,248 million of net assets (including £5.026 million pension liability) and long-term debt of £4.888 million.

PEOPLE

The College employs 161 people (expressed as full-time equivalents), of whom 87 are teaching staff.

REPUTATION

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

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.

A risk register is maintained at College level which is reviewed three times per year by the Risk Management Group. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and early warning indicators. Risks are prioritised using a consistent scoring system. In addition, it highlights the avenues for board assurance for each risk identified.

As part of their review, the Risk Management Group considers the action plan and reviews existing internal controls and monitoring in place and identifies additional controls which should mitigate or minimise any potential impact on the College. The internal controls are then implemented and subsequent reviews identify their effectiveness and progress against risk mitigation actions. In the course of these reviews, the Risk Management Group will consider any risks which may arise as a result of a new area of work being undertaken by the College. This Risk Register and action plan are reviewed by the Audit Committee twice per year. In addition, each subcommittee has been allocated risks for review at their meetings. The Risk Register is also presented to the full Corporation.

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.

STRATEGIC REPORT (CONTINUED)

1 Changes in Government Funding

The College has considerable reliance on continued government funding through the ESFA. In 2019/20 81.00% of the College's revenue was public funded (2018/19, 83.70%) and this percentage of income is expected to continue. There is a small increase in the base funding rate per student for 2020-2021 but 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 going forward.

The College is aware of a number of issues which will impact on future funding:

- Any increases in the funding rate. There is an increase announced for 20/21 in the funding rate as an interim measure prior to a CSR. Future increases are currently unknown
- On-going reviews of the funding methodology, the implications of which are in the process of being determined
- Changes to the funding for adult education and apprenticeships
- Further changes to the Applied Generals which are funded for 16-19 students. Significant numbers of students undertake an applied general qualification and the outcome of the second phase of the consultation on their future may impact on future funding.

This 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
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the ESFA and Local Authority
- Ensuring the College is up to date with potential changes, enabling it to be proactive in making strategic decisions early enough to address the changes implemented.
- Ensuring the College is proactive in adapting to curriculum change and embraces opportunities to deliver new provision such as T levels

2. Increased competition from post 16 providers

Government policy on post 16 provision has allowed an increase in competition in areas where traditionally the College has been a key provider, for example the opening of an 11-19 free school in Eastbourne. In addition, changes in funding policy has resulted in other FE and post 16 providers to focus their efforts on 16-19-year olds as a result of funding changes. Whilst the College recognises this as a risk, it is also aware of the opportunities this brings to collaborate with those providers, develop the curriculum offer, raise quality and better meet the needs of the young people in the area.

This risk is mitigated in the following ways:

- Collaborative opportunities are developed where appropriate
- Liaison with other providers regarding the curriculum offer and other related issues
- Prepare and deliver strategies to minimise impact (including marketing and personalised learning)
- Develop business relationships with others
- Improved liaison for transition

STRATEGIC REPORT (CONTINUED)

3. Inability to recruit suitably qualified staff in certain areas of the curriculum resulting in a negative impact on achievement rates in those areas.

The College is aware that recruiting staff in some curriculum areas is a challenge for all educational establishments in this locality. In addition, appropriate supply cover is not always readily available.

This risk is mitigated in the following ways:

- Training and development of staff
- Providing trainee teacher places for HE providers in appropriate areas
- Quick turn-around on job applications after closing date. Key partner in local teacher training (DET)
- Delivery of an internal TA/Trainee teacher programme which “grows our own”
- Flexibility in the pay range at discretion of the Accounting Officer
- Benchmarking of support staff salaries whilst considering market rates

4. Impact of Covid-19

Actions to mitigate the Covid-19 pandemic is likely to impact on the operations of the College during this academic year. This could impact on curriculum delivery, staffing, student numbers, the student experience and finances. As the potential for a local lockdown or another national lockdown is unknown, this could impact on assessments and examinations again as well as recruitment for future years.

This risk is mitigated in a number of ways including:

- A full risk assessment in place which covers changes in practices to increase hygiene regimes and reduce numbers in common areas such as a lunch rota to reduce numbers in the refectory
- A blended learning approach to reduce the numbers of students on site at any one time
- Changes in the layout of classrooms to ensure the correct social distancing between staff and students
- Updating staff IT to ensure they have the equipment to deliver online learning effectively
- Ensuring all staff are well trained to be able to deliver high quality online lessons remotely in the event of another lockdown
- Monitoring student access to IT and ensuring they are able to access online lessons effectively
- Closely monitoring finances to identify the impact of the additional costs related to Covid-19
- Keeping up to date with the most recent Government advice regard Covid-19 and post 16 establishments and responding accordingly
- Ensuring all our non-core areas such as the sports centre and nursery operate in a Covid-secure way which should ensure an ongoing service to users

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Staff;
- Parents;

STRATEGIC REPORT (CONTINUED)

- Local employers and Employer forums;
- Local authorities;
- Education Funding Bodies;
- FE Commissioner;
- Local Enterprise Partnership;
- The local community;
- Local schools – secondary and primary;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through use of the College internet and through a range of networking opportunities.

EQUAL OPPORTUNITIES

Bexhill College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, class and age. We strive vigorously to promote equality. The College's Equality and Diversity Statement and Equality Schemes are published on the College's website.

The college produces an annual equality report to ensure compliance with all relevant equality legislation including the Equality Act 2010.

DISABILITY STATEMENT

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

- Ensuring that buildings are fully compliant with the Act
- Providing access to specific learning equipment
- Providing a Study Centre where students can receive specific help arranged through the Student Services Manager
- Providing a Health Room and access to College counsellors
- Providing teaching assistants who can provide a variety of learning support to groups of students or on a one to one basis both in and outside the classroom
- Providing staff with relevant training to ensure the continued provision of high level appropriate support for students who have learning difficulties and/or disabilities
- Provision of specialist programmes where appropriate
- Publishing the admissions policy for all students on the College's internet site.

The College has an approved Disability Statement incorporating Admission and Examination arrangements, Counselling and Welfare, Access to premises & curriculum, Complaints and related information. There is also a single equality policy to further support this work.

TRADE UNION FACILITY TIME

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Relevant Union Officials

Number of employees who were relevant union officials during the period 01/04/19 – 31/03/20	Full time equivalent employee number
1	1

Percentage of time spent on facilities time

Percentage of time	Number of Employees
1-50%	1

Percentage of Pay Bill spent on facilities time

	Data
Total cost of Facility Time	£925
Total Pay Bill £000's	£6,755
Percentage on total pay spent on facility time	0.014

Paid Union Activity

Working hours spent on facility time as a percentage

Time spent on union activities as a percentage of total paid facility time	0%
----------------------------------------------------------------------------	----

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:

LLOYD TAYLOR



DATE 11th December 2020



CHAIR OF THE BOARD OF GOVERNORS

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements. The College endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges.

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

In the opinion of the Governors, the College complies with best practice and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below. (% attendance represents attendance at meetings only)

	Date of appointment	Term of Office	Date of Resignation	Status of appointment	Committees Served	Attendance
Mrs L Brown	03 July 2017	4 year		Independent	Finance & Property	57%
Mr M Boakes	27April 2016	4 years		Independent	Personnel; Remuneration; Audit	100%
Mrs K Hucker	8 October 2008	While Principal		Principal	Finance & Property Strategic Planning; Search	100%
Mrs E Lawrence	1 July 2018	4 years		Staff	Strategic Planning	100%
Mr W Marley	5 October 2016	4 years		Independent	Chair: Corporation; Remuneration; Finance & Property	100%
Mr D Padmore	16 October 2018	4 years		Independent	Audit	83%
Mrs P Strickson	03 July 2017	4 year		Independent	Remuneration; Audit; Personnel	100%
Mr J Stebbing	11 October 2016	4 years		Independent	Personnel; Chair: Remuneration	100%
Mr L Taylor	13 October 2016	4 years		Parent	Strategic Planning; Remuneration; Personnel ; Strategic Planning	80%
Ms J Stubbings	01 February 2016	4 year	31 Jan 2020	Independent		67%
Mr D Kelly	02 July 2018	4 year		Independent	Finance & Property; Strategic Planning	80%
Mrs M-A Coxhead	02 July 2018	4year		Independent	Strategic Planning	100%
Mrs A McInnes	01 June 2019	4 year		Independent	Personnel	86%
Miss G Watson	1 September 2019	1 year	31 July 2020	Student	Corporation	100%
Vacancy		1 year		Student Governor	Corporation	0%

Ms A Dennett acted as Clerk to the Corporation.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Property; Personnel; Remuneration; Strategic Planning, Policy and Quality Assurance; Search; and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the College's website and from the Clerk at:

Bexhill College, Penland Road, Bexhill-on-Sea, East Sussex, TN40 2JG

The Clerk to the Corporation maintains a register of financial 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 meetings. Briefings are also provided on a regular basis. All meetings were held during the period of lockdown either via Zoom or Microsoft Teams. All meetings were quorate and usual minutes were taken.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee which is comprised of the Chair, the Accounting Officer and two other Corporation members. This committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years. The term of office can be extended subject to a review of performance by the Search Committee and recommendation to and approval by the Corporation.

Corporation performance

The Corporation carries out an annual self-assessment process in July each year which is collated and reported to the Search Committee and the Corporation. For 2019/20, Corporation Members considered that the Corporation carries out its duties securely and consistently. Governors understand their role and carry this out effectively. They ensure that the College has a clear vision and strategy and that resources are managed well. They hold leaders to account for the quality of education and training and help to

ensure continuous sustainable improvement. Governors ensure that the College fulfils its legal duties and responsibilities.

Remuneration Committee

Throughout the year ended 31 July 2020, the College's Remuneration Committee comprised of four members of the Corporation. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other Senior Post Holders. The College has due regard for the Senior Staff Remuneration code and Higher Education Senior Staff Remuneration code in setting the remuneration and benefits of Senior Post Holders. The College has carried out a review of its processes against the Code and follows many of the principles within both codes but it has not formally adopted either.

The committee uses nationally published data regarding remuneration of key personnel in Colleges as a guide for remuneration deliberations including annual national pay and condition surveys published by the Sixth Form Colleges Association. This informs decisions made and provides an evidence base and underpinning reference information for proportionality, understandability and value for money. Details of the deliberations are shared with the full Corporation for all Senior Post Holders to enhance transparency.

Details of remuneration for the year ended 31 July 2020 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises of three members of the Corporation (excluding the Accounting Officer and the Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College has established an assurance framework which includes internal reviews of processes internal control, risk management controls and governance processes as appropriate. The outcomes of any reviews are reported to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between the College and the

respective funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial 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 Bexhill College for the year ended 31 July 2020 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 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.
- Regular updates at Committee and Corporation level on the actions the College has taken to address the impact of Covid-19 on its operations

Bexhill College has not appointed an internal audit service for the year ended 31 July 2020. For that year, the College management and Governors have assessed the internal controls and used a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with regular reports on this assurance activity in the College which includes the Risk Register risks being assigned to appropriate committees which review the risks at each meeting

There were no control weaknesses identified in 2019 – 2020.

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 executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.
- the outcomes of any internal review activities

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

The Senior Leadership Team reports on key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the risk management process and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Senior Leadership Team and taking account of events since 31 July 2020.


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

Going concern

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

Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:

Lloyd Taylor
Chair of the Corporation



Karen Hucker
Accounting Officer



Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with the Education and Skills Funding Agency terms and conditions of funding, under the corporation's grant funding agreements and contracts with the Education and Skills Funding Agency.

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

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



Lloyd Taylor
Chair of the Corporation

Karen Hucker
Accounting Officer



Date 11th December 2020

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with the relevant legislation or terms and conditions attached to them.

Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:

Lloyd Taylor



Chair of the Corporation

Opinion

We have audited the financial statements of Bexhill College (the 'College') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of the Corporation of Bexhill College

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 11 November 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 15 December 2020

Bexhill College**Statement of Comprehensive Income****For the year ended 31 July 2020**

	Notes	Year ended 31 July 2020	Year ended 31 July 2019
		£'000	£'000
INCOME			
Funding body grants	2	9,020	8,812
Tuition fees and education contracts	3	735	686
Other grants and contracts	4	400	130
Other income	5	723	674
Investment income	6	21	18
Total income		10,899	10,320
EXPENDITURE			
Staff costs	7	6,755	6,315
Other operating expenses	8	2,175	2,040
Depreciation	11	842	969
Interest and other finance costs	9	117	110
Total expenditure		9,889	9,434
Surplus before other gains and losses		1,010	886
Loss on Disposal of assets		64	-
Surplus before tax		946	886
Taxation	10	-	-
Surplus for the year		946	886
Remeasurement of net defined benefit pension liability	19	(1,175)	(713)
Total Comprehensive Income for the year		(229)	173

Bexhill College

Balance sheet as at 31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	11	18,042	17,909
		<u>18,042</u>	<u>17,909</u>
Current assets			
Trade and other debtors	12	585	627
Cash at bank and in hand		6,450	5,738
		<u>7,035</u>	<u>6,365</u>
Less: Creditors – amounts falling due within one year	13	(2,915)	(3,127)
		<u>4,120</u>	<u>3,238</u>
Net current assets			
		<u>4,120</u>	<u>3,238</u>
Total assets less current liabilities		22,162	21,147
Less: Creditors – amounts falling due after more than one year	14	(4,888)	(5,229)
Provisions			
Defined benefit obligations	19	(5,026)	(3,441)
		<u>12,248</u>	<u>12,477</u>
Total net assets		12,248	12,477
Unrestricted reserves			
Income and expenditure account		11,790	12,019
Revaluation reserve		458	458
		<u>12,248</u>	<u>12,477</u>
Total unrestricted reserves		12,248	12,477

The financial statements on pages 24 to 45 were approved and authorised for issue by the Corporation on 7 December 2020 and were signed on its behalf on that date by:

Lloyd Taylor
Chair



Karen Hucker
Accounting Officer



Bexhill College

Statement of Changes in Reserves

For the year ended 31 July 2020

	Income and Expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2018	11,843	461	12,304
Surplus for the year	886	-	886
Other comprehensive income	(713)	-	(713)
Transfers between revaluation and income and expenditure reserves	3	(3)	-
Total comprehensive income for the year	176	(3)	173
Balance at 31 July 2019	12,019	458	12,477
Surplus for the year	946	-	946
Other comprehensive income	(1,175)	-	(1,175)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	(229)	-	(229)
Balance at 31 July 2020	11,790	458	12,248

Bexhill College

Statement of Cash Flows

For the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Cash inflow from operating activities			
Surplus for the year		946	886
Adjustment for non cash items			
Depreciation		842	969
Decrease/(Increase) in debtors		39	(107)
(Decrease)/Increase in creditors		(387)	455
Pension scheme non-cash movement		332	265
Adjustment for investing or financial activities			
Interest receivable		(21)	(18)
Interest payable		117	110
Loss on disposal of fixed assets		64	-
Net cash flow from operating activities		1,932	2,560
Cash flows from investing activities			
Payments made to acquire fixed assets		(1,039)	(930)
Interest received		21	18
		(1,018)	(912)
Cash flows from financing activities			
New long term finance leases		146	322
Repayment of finance lease obligations		(181)	(220)
Repayment of bank loans		(126)	(122)
Interest paid		(41)	(40)
		(202)	(60)
Increase in cash and cash equivalents in the year		712	1,588
Cash and cash equivalents at beginning of the year	17	5,738	4,150
Cash and cash equivalents at end of the year	17	6,450	5,738

b) Consolidated analysis of changes in debt

	Notes	1 August 2019 £'000	Cash flow £'000	New finance leases £'000	31 July 2020 £'000
Cash at bank and in hand		5,738	712	-	6,450
Bank Loans	13	126	(1)	-	125
Debt due within 1 year		126	(1)	-	125
Bank loans	14	868	(125)	-	743
		868	(125)	-	743
Debt due afer 1 year					
Obligations under finance leases	15	294	(156)	121	259
Total net debt		1288	(282)	121	1127

Notes to the Financial Statements for the Year Ended 31 July 2020

Statement of Accounting Policies

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

General information

Bexhill College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 14. The nature of the College's operations is set out in the Strategic Report.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020, the Office for Students Accounts Direction for 2019-20 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102).

The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College has considered the potential effects of Covid 19 on its future operations and considers that it has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern in the preparation of its Financial Statements.

At 31 July 2020, the College has a mortgage outstanding of £868k. The College's forecasts and financial projections indicate that it will be able to meet this obligation and comply with the mortgage covenants.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account based on funding rules in place at 31 July. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body following the year-end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Notes to the Financial Statements for the Year Ended 31 July 2020 (continued)

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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

Government capital grants are held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

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

Post-retirement benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

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

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

Short-term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years, a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost at the date of transition to FRS102. 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 between 5 - 50 years as determined at acquisition, which is reviewed as appropriate.

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 government capital grant account and are released to the statement of comprehensive income over the expected economic 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 fixed asset may not be recoverable.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where subsequent expenditure is incurred on tangible fixed assets, it is charged to the statement of comprehensive income unless it is probable that such costs will generate future economic benefits.

Equipment

Equipment costing less than £1,000 per individual item is written off to the statement of comprehensive income in the year of acquisition. All other equipment is capitalised at cost and depreciated over its useful economic life as follows:

Motor Vehicles - 4 years - straight-line depreciation

General Equipment - 5 years - straight-line depreciation

Computer Equipment - between 3 and 10 years - straight line

Notes to the Financial Statements for the Year Ended 31 July 2020 (continued)

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 government capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

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

Leasing agreements which 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 and are capitalised at their fair value at the inception of the lease and depreciated over the useful economic lives of equivalently owned assets or the lease term, whichever is deemed appropriate. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments. Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measure at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of Value Added Tax. For this reason, the College is unable to recover VAT on goods and services purchased. Capital costs and non-pay revenue and expenditure is therefore inclusive of VAT.

Provisions

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

Notes to the Financial Statements for the Year Ended 31 July 2020 (continued)

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the statement of comprehensive and are shown separately in note 21, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff whose duties include the administration of the fund.

Judgements in applying accounting policies and key sources of estimation uncertainty.

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College as either a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Tangible fixed assets

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact on the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

2 Funding body grants

	2020	2019
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - Adult	228	234
Education and Skills Funding Agency - 16-18	8,597	8,387
Education and Skills Funding Agency - Apprenticeships	-	11
Office for students	2	2
Specific Grants		
Devolved Capital Grant	52	51
Releases of government capital grants	141	127
Total	9,020	8,812

3 Tuition fees and education contracts

	2020	2019
	£'000	£'000
Tuition fees	6	-
Adult education fees	31	39
Fees for FE loan supported students	21	30
Fees for HE loan supported students	103	66
International students	355	219
Tuition fees	516	354
Education contracts	219	332
Total	735	686

3a Total grant and fee income

Grant income from Office for Students	2	2
Grant income from other bodies	9,018	8,810
	9,020	8,812
Fee income for taught awards (exclusive of VAT)	103	66
Fee income from non-qualifying courses (exclusive of VAT)	632	620
Total tuition fees and education contracts (Note 3)	735	686
Total grant and fee income	9,755	9,498

4 Other grants and contracts

	2020	2019
	£'000	£'000
Other grants and contracts	380	130
Coronavirus Job Retention Scheme	20	-
Total	400	130

The College furloughed 12 staff in various roles including reception, sports hall, IT, marketing and student accommodation.

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

5 Other income

	2020	2019
	£'000	£'000
Catering and residences	193	160
Other income generating activities	282	269
Miscellaneous income	248	245
	<u>723</u>	<u>674</u>

6 Investment income

	2020	2019
	£'000	£'000
Other interest receivable	<u>21</u>	<u>18</u>
	<u>21</u>	<u>18</u>

7 Staff costs

Key management personnel

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

	Key management personnel			
	2020		2019	
	Actual No.	FTE No.	Actual No.	FTE No.
45,001 to £50,000	1	-	-	-
£55,000 to £60,000	1	1	-	-
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	1	1	1	1
£90,001 to £95,000	-	1	-	-
£125,001 to £130,000	-	-	1	1
£130,001 to £135,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>

There were no other staff, other than those included in key management personnel, who received annual emoluments in excess of £60,000 during the year (2019 - none).

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal and Vice Principals and Assistant Principal.

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

7 Staff costs (continued)

Key management personnel remuneration is made up as follows:

	2020	2019
	£'000	£'000
Salaries	258	286
Employer's National Insurance	32	36
	<u>290</u>	<u>322</u>
Pension contributions	50	47
Total emoluments	<u>340</u>	<u>369</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2020	2019
	£'000	£'000
Salaries	131	126
Pension contributions	30	21
	<u>161</u>	<u>147</u>

The remuneration package of key management staff who hold the position of Senior Post Holder, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the Governing Body. The Committee use benchmarking information based on the Annual Salary Report produced by the Sixth Form Colleges Association to provide objective guidance. Any recommendations are subject to ratification by the full Corporation.

The Principal and Chief Executive reports to the Chair of the Corporation, who with the Vice Chair of the Corporation, undertakes an annual review of her performance, against the Colleges overall objectives. Both qualitative and quantitative measures of performance are used. The salary awarded reflects the level of responsibility of the post giving due regard to the range of the Colleges provision, its size and diversity of the Colleges interests, including its commercial income. It also reflects the College performance in recruitment and outcomes over a number of years.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both the basic salary and total remuneration.

	2020	2019
	No.	No.
Basic Salary as multiple of median salary of staff	5.01	4.75
Total remuneration as a multiple of median total	5.11	4.91

Bexhill College**Notes to the financial statements for the year ended 31 July 2020 (continued)****7 Staff costs (continued)**

The average headcount of persons (including key management personnel) employed by the College during the year, was:

	2020	2019
	No.	No.
Teaching staff	102	99
Non teaching staff	99	96
	201	195

Staff costs for the above persons

	2020	2019
	£'000	£'000
Wages and salaries	4,937	4,820
Social security costs	428	398
Other pension costs	1,355	1,048
Payroll sub total	6,720	6,266
Contracted out staffing services	35	49
Total staff costs	6,755	6,315

8 Other operating expenses

	2020	2019
	£'000	£'000
Teaching costs	158	131
Non teaching costs	1,257	1,211
Premises costs	760	698
Total	2,175	2,040

	2020	2019
	£'000	£'000
Surplus before taxation is stated after charging:		
Auditor's remuneration:		
Financial statements audit and regularity reporting	19	16
Other services provided by the financial statements auditors	2	4
Loss on disposal of Fixed Assets	64	-

Bexhill College**Notes to the financial statements for the year ended 31 July 2020 (continued)****9 Interest payable**

	2020 £'000	2019 £'000
On bank loans, overdrafts and other loans:	32	30
On finance leases	9	10
Net interest on defined benefit pension liability (note 19)	76	70
Total	117	110

10 Taxation

The College has no liability for Corporation tax arising out of its activities during the year

11 Tangible fixed assets

	Land and Freehold Buildings £'000	Assets under Construction £'000	Equipment £'000	Total £'000
Cost				
At 1 August 2019	22,242	-	4,551	26,793
Additions	157	543	339	1,039
Disposals	(137)	-	(27)	(164)
At 31 July 2020	22,262	543	4,863	27,668
Depreciation				
At 1 August 2019	5,335	-	3,549	8,884
Charge for the year	444	-	398	842
Disposals	(73)	-	(27)	(100)
At 31 July 2020	5,706	-	3,920	9,626
Net book value at 31 July 2020	16,556	543	943	18,042
Net book value at 31 July 2019	16,907	-	1,002	17,909

The NBV of equipment includes an amount of £372,000 (2019 - £344,000) in respect of assets held under finance leases.

The depreciation charge on these assets for the year was £119,000 (2019 - £167,000)

12 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	439	401
Prepayments and accrued income	146	226
Total	585	627

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

13 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Bank loans	125	126
Trade creditors	170	234
Other taxation and social security	105	101
Accruals and deferred income	1,008	1,191
Pensions Due	117	96
Other Creditors	1,095	1,124
Deferred income - government capital grants	148	133
Obligations under finance leases	147	122
Total	<u>2,915</u>	<u>3,127</u>

14 Creditors: amounts falling due after one year

	2020	2019
	£'000	£'000
Bank loans	743	868
Deferred income - government capital grants	4,033	4,189
Obligations under finance leases	112	172
Total	<u>4,888</u>	<u>5,229</u>

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

15 Maturity of debt Bank loans and overdrafts

Bank loans are repayable as follows:

	2020 £'000	2019 £'000
In one year or less	125	125
Between one and two years	132	132
Between two and five years	611	736
Total	868	993

The College has two bank loans. The first of £550k advanced on 18 December 2018 with a fixed rate of interest charged at a rate of 3.65%. Outstanding at 31 July 2020 £385k. It is repayable by instalments falling due between 18 December 2018 and 17 November 2023 and are secured on a portion of the freehold land and buildings of the College.

The other loan of £550k is secured over premises in Penland Road and was used to purchase student accommodation. This is a variable rate loan is £550k with interest being charged at 2.65% and is repayable by instalments commencing 1 June 2017 for 5 years is due for repayment on 31 May 2022. Outstanding at 31 July 2020 £483k.

(b) Finance leases

The total future minimum lease payments are payable:

	2020 £'000	2019 £'000
In one year or less	147	122
Between two and five years	112	172
Total	259	294

Finance lease obligations are secured on the assets to which they relate.

16 Provisions

	Defined benefit Obligations £'000
At 1 August 2019	3,441
Expenditure in the period	(260)
Additions in the period	1,845
At 31 July 2020	5,026

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 19.

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

17 Cash and cash equivalents

	At 1 August 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Cash and cash equivalents	5,738	712	6,450
Total	<u>5,738</u>	<u>712</u>	<u>6,450</u>

18 Capital commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	<u>1,527</u>	<u>14</u>

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

19 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the East Sussex County Council (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2020 £'000	2019 £'000
Teachers Pension Scheme: contributions paid	761	535
Local Government Pension Scheme:		
Contributions paid	260	248
FRS 102 (28) charge	<u>334</u>	<u>265</u>
Charge to the Statement of Comprehensive Income	594	513
Total Pension Cost for Year	<u>1,355</u>	<u>1,048</u>

The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS 31 March 2019.

Contributions amounting to £117,000 were payable to the schemes as at 31 July 2020 (2019: £96,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £761,000 (2019: £535,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

19 Defined benefit obligations (continued)

FRS 102 (28)

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by East Sussex County Council. The total contribution made for the year ended 31 July 2020 was £340,000 (2019 - £324,000), of which employer's contributions totalled £260,000 (2019 - £248,000) and employees' contributions totalled £80,000 (2019 - £76,000). The agreed contribution rates for future years are 17.3 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension because it is considered that any adjustment would be of an immaterial nature. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

McCloud Judgement (Public service pensions age discrimination cases) - A recent ruling by the Supreme Court has denied the Government's right to appeal the McCloud judgement. With this decision the Government's right to appeal is now fully exhausted. An estimate has been included in these financial statements. This impact is recognised as a past service cost. An 'adjustment factor' based on the Government Actuary's Department's figure of 3.2% which represents the impact on scheme liabilities expressed as a percentage of active liabilities (as per the report issued on 10 June 2019) but reflecting the East Sussex Pension Fund's withdrawal, promotional and inflationary salary increase assumptions. The actuary has not made any other adjustments to reflect potential differences from the scheme split between pre 2014 and post 2014 active liabilities.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary

	2020	2019
Rate of increase in salaries	2.10%	2.80%
Future pensions increases	2.10%	2.40%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.20%	2.40%
Commutation of pensions to lump sums	50%	50%

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2020 years	2019 years
<i>Retiring today</i>		
Males	21.6	21.2
Females	23.9	23.5
<i>Retiring in 20 years</i>		
Males	22.5	22.1
Females	25.3	24.9

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

	Fair Value of assets 2020	Fair Value of assets 2019
	£'000	£'000
Equities	4,417	4,185
Bonds	1,089	1,231
Property	484	554
Cash	61	185
Total fair value of assets	<u>6,051</u>	<u>6,155</u>
Actual return on plan assets	<u>(175)</u>	<u>505</u>

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Amounts recognised in the Statement of Comprehensive Income in

	2020	2019
	£'000	£'000
Current service cost	594	483
Past service cost	0	30
Net interest on the defined benefit liability	76	70
Total	670	583

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(413)	303
Changes in demographic assumptions	81	500
Other experience	46	-
Changes in assumptions underlying the present value of plan liabilities	(889)	(1,516)

Amount recognised in Other Comprehensive Income	(1,175)	(713)
-------------------------------------------------	----------------	--------------

Movement in net defined benefit liability during the year

	2020	2019
	£'000	£'000
Deficit in scheme at 1 August	(3,441)	(2,393)
Movement in year:		
Current service cost	(594)	(483)
Past service cost	-	(30)
Employer contributions	260	248
Net interest on the defined liability	(76)	(70)
Actuarial gain	(1,175)	(713)
Net defined benefit (liability) at 31 July	(5,026)	(3,441)

Asset and Liability Reconciliation

	2020	2019
	£'000	£'000

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	9,596	7,911
Current Service cost	594	513
Interest cost	207	227
Contributions by Scheme participants	80	76
Actuarial gains	762	1,016
Estimated benefits paid	(162)	(147)
Defined benefit obligations at end of period	11,077	9,596

Reconciliation of Assets

Fair value of plan assets at start of period	6,155	5,518
Interest on plan assets	131	157
Return on plan assets (excluding net interest on the net Defined)	(413)	303
Employer contributions	260	248
Contributions by Scheme participants	80	76
Estimated benefits paid	(162)	(147)
Assets at end of period	6,051	6,155

Bexhill College

Notes to the financial statements for the year ended 31 July 2020 (continued)

20 Related party transactions

The Detective Agency Ltd. - This company is a marketing consultancy of which a member of the Corporation is the Director. Purchase transactions in the year amounted to £94,111 (2019 - £85,195). There was a balance of £720 outstanding at the year-end (2019 - £1,060).

Coaching and Development services totalling £3,400 (2019 – £5,200) were delivered by a business associated with a governor. There was a balance of £Nil outstanding at the year-end (2019 - £650).

The total expenses paid to or behalf of Governors during the year was £Nil (2019 - £nil).

21 Amounts disbursed as agent

Learner support funds

	2020 £'000	2019 £'000
Funding body grants – discretionary learner support	219	222
Free Meals in FE	42	46
	<u>261</u>	<u>268</u>
Disbursed to students	(250)	(185)
Administration costs	(11)	(8)
	<u>-</u>	<u>75</u>
Balance unspent as at 31 July, included in creditors	<u>-</u>	<u>75</u>

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

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 11 November 2020, and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Bexhill College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

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

Responsibilities of Corporation of Bexhill College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise.

We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

Use of our report

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

RSM UK Audit Ltd

RSM UK AUDIT LLP
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 15 December 2020