



(Operating as Varndean College)

Reports and Financial Statements

31 July 2025

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OPERATING AND FINANCIAL REVIEW

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2025.

Legal status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting the business affairs of Varndean Sixth Form College. The College is an exempt charity for the purposes of the Charities Act 2011.

Our Mission

To transform the lives of our students and our community through our provision of exceptional education.

Public Benefit

Varndean Sixth Form 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 pages 17 to 19. In setting and reviewing the College's strategic objectives, the Governing Body recognises that as a body entrusted with public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times and the College is committed to exhibiting best practice in all aspects of corporate governance. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges and 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 and inclusive student support systems
- Links with employers, industry and commerce

Implementation of strategic plan

The College's strategic plan was published in the autumn term 2022. It sets out the College's core values, the four main pillars of its strategy and the foundations that underpin these aims.

Our students are at the heart of all we do. We will provide an exceptional experience and preparation for life so that all of our students flourish at college, maximising opportunities for their future employment, education and lives.

Our Pillars

Environmental Sustainability

We will be a leading college in sustainability, becoming carbon neutral by 2030. We will conserve natural resources to protect the global ecosystem and will develop our estate as an area of biodiversity. We will develop our curriculum so that all students are carbon literate.

Our Curriculum

We will provide an innovative, aspirational and inclusive curriculum which promotes the value of learning, fosters curiosity and knowledge and enables all students to achieve excellence. We will deliver provision which enables the ambitions of our students and responds to individual and local needs.

Global Citizenship

We will develop our students to be citizens of the world through opportunities to work alongside those from different backgrounds, including our international student community. We will develop students' personal and employability skills, to fully prepare them for their future careers and education.

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Community & Partnerships

We will lead and be renowned for partnership work and collaboration that increases the educational and employment opportunities for different groups of students, and helps our College community to grow and thrive. Through these relationships we will support adults and 16-19 year olds to progress into technical training, apprenticeships, employment and higher education.

Our Foundations

Our Staff

We will value and empower our greatest resource, our staff, so that they benefit from a purposeful, supportive and kind workplace and community, which strives for excellence, ensuring student success and serving the wider community.

Financial Sustainability

We will secure the future of the college, its students, staff and estate through excellent financial and resource management to enable an exceptional student experience, a happy, secure and consistent workplace and a growing and thriving community asset.

A number of KPIs are in place for each strategic aim with a defined reporting structure. The Corporation will receive progress updates throughout the year.

Financial Objectives

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core operations, that generate a financial contribution to the College
- to generate sufficient levels of income to support the College estate
- to grow the College's shorter-term liquidity
- to seek funds for continued capital investment
- to achieve a Financial Health rating of at least Good

External Performance Indicators

The College is committed to observing the importance of sector measures and indicators. The College is required to complete the annual Finance Record for the Department for Education. The Finance Record produces a financial health grading using three key performance indicators, EBITDA, a sector-based adjusted current ratio and debt ratio. The grade for 2024-25 is Requires Improvement. These performance ratios have been under review by the Department for Education (DfE).

Additional financial performance indicators used and reported by the College are Cash Days and Staff Cost Ratio.

DEVELOPMENT AND PERFORMANCE

Financial position

The College generated a deficit in the year of £287,000 (2023/24: deficit £296,000) before actuarial gains and losses.

The College has general reserves of £1,286,000 and the bank balance at the year end was £700,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2024/25 the funding bodies provided 87% of the College's total income (2023/24: 86%).

At the balance sheet date, the College had net current liabilities of £1,869,000 (2024: net current liabilities £1,676,000) and net assets of £2,966,000.

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Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All borrowing requires the authorisation of the Corporation and must be approved by the DfE.

Cash flows

For the year ended 31 July 2025, there was a cash inflow of £235,000 (2024: outflow of £1,192,000).

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 is received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College paid 14% of invoices within 30 days and 72% within 60 days. Cashflow management has been challenging following the nationally agreed pay awards, increase in Employer's National Insurance and delays in in-year funding announcements. The College incurred no interest charges in respect of late payments for this period.

Student numbers

The College is funded according to the number of eligible students enrolled in the previous year. In 2024/25, the College enrolled 2,504 learners (2023/24: 2,777) of which 1,862 were funded 16-18 students and 428 funded adult learners. The remaining learners generate additional income for the College through tuition fees for a variety of provision, including international students.

Student achievements

Varndean Sixth Form College in Brighton is celebrated another phenomenal year of exam success, with students achieving outstanding A Level and Level 3 vocational results.

The College recorded an A Level pass rate of 98%, with over 50% of students securing top grades of A*-B and a quarter achieving a coveted A* or A grade, the highest ever. Over three-quarters of students achieved grades between A*-C, reflecting a consistent rise in academic performance.

Students achieved an overall pass rate of 98% in vocational qualifications, with over 50% of students earning the highest possible grades of Distinction or Distinction*. Our Early Years Department celebrated huge success with 100% of their students passing the CACHE Technical Diploma in Childcare and Education, with 57% gaining an A grade or above. This demonstrates the College's strength across a diverse range of courses.

Varndean Sixth Form College continues to stand out as one of the top educational providers in Sussex. Renowned for its high academic standards and inclusive ethos, the College offers a transformative learning experience that equips students not only for university and careers, but also for life beyond education. With a focus on excellence, personal growth, and well-being, Varndean Sixth Form College remains a place where every student thrives.

In addition to its A Level and vocational programme, Varndean Sixth Form College also provides students with the opportunity to pursue the highly regarded International Baccalaureate Diploma and earlier in July, IB students achieved an impressive average diploma score of 34.65 out of 45, which is higher than the global average of 30.58. This year's results reflect the tremendous effort and academic excellence of our students, with 50% achieving over 36 points (the equivalent of AAA at A Level) and 24% securing 40 points or more (equivalent to A* A* A) — placing them among the top-performing IB students globally.

Valued added measures provided by the SFCA highlight that the college has a positive VA measure of 0.10. This means that students at Varndean Sixth Form College achieve grades that are 10% higher than the average student studying at a sixth form college.

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The College has maintained its position in exceeding national benchmark data across all GCSE provision, particularly in Maths and English, with pass rates at least double the national average.

Curriculum developments

The College:

- Maintains an approach to the 16-18 curriculum founded meeting the skills agenda and enabling social justice. Values are based on inclusivity, breadth and balance through choice of qualification courses, enrichment opportunities, pastoral care and guidance, employer opportunities and additional support.
- Has streamlined the adult education provision at the College to focus on counselling studies for which it has an excellent reputation for teaching and achievement. The College is working with other providers to provide continuing paths and capacity for ESOL delivery in the city.
- Has worked in partnership with the LA and other local providers to deliver Information Communication Technology (ICT) and English for Speakers of Other Languages (ESOL) opportunities at a number of outreach locations in the centre and east of the city.
- Is trail blazing in its partnerships and the Sussex Chamber of Commerce, working with the local LSIP board with the Principal as FE representative on the board. The College in its partnership with HE Sussex has been awarded Local Skills Improvement funds (LSIF) to lead on Digital Skills.
- Is now a lead partner of the Brighton and Hove Sussex Schools and College Alliance (BHSSCA) alongside the University of Sussex. The programme is dedicated to fostering the next generation of outstanding educators and our collaboration with the University of Sussex ensures that student teachers receive top-class educational theory and practice, supported by a university renowned for its research in teaching.

Future developments

College enrolments are growing and there is likely to be continued growth in the following 2 to 3 years. The College has implemented a masterplan development strategy to support this growth and to replace the areas of its accommodation that are inefficient and deteriorating. The College is working with the FEC team, DfE and consultants to progress its Development Masterplan for which outline planning approval was received in July 2023. In Spring 2024, the College opened 4 new classrooms with meeting rooms and additional toilet facilities following a successful bid to the Post 16 Capacity Fund. This represented the preliminary stage of the College Masterplan.

The College is seeking to maximise commercial opportunities for income generation. Enrolments of international students in 2024/25 remained strong and are set to continue in 2025/26. Estate letting is an area targeted for opportunities and growth.

The College will continue to strive to be a leading college in sustainability. The College has made excellent progress so far having been a pilot organisation for the development of a Carbon Literacy Qualification accredited by Manchester Metropolitan University. We have been officially accredited as a Carbon Literate Organisation for which we have gained a Bronze Carbon Literacy Award and are working towards Silver accreditation.

RESOURCES

Tangible resources include the main College site and £1,036,000 (2024: £859,000) held in current assets.

Financial

The College has £2,966,000 (2024: £3,149,000) of net assets including £nil pension liability (2024: £nil).

People

The College employed 174 people (expressed as full-time equivalents), of whom 93 are teaching staff.

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Reputation

The College has an excellent reputation locally and nationally. It had a highly positive Ofsted inspection in March 2024 which highlighted Varndean Sixth Form College's exceptional achievements and its unwavering commitment to providing an outstanding learning environment for its students.

The college received glowing commendations from the Office for Standards in Education, Children's Services and Skills (Ofsted) across various areas, highlighting its dedication to providing high-quality teaching, supportive learning environment, and exceptional student outcomes.

Key highlights from the inspection report include:

- Ofsted commended Varndean Sixth Form College for its high-quality teaching standards, noting the expertise and dedication of its teachers in delivering engaging and effective lessons that support student progress and achievement.
- The College was praised for its inclusive and supportive learning environment, where students feel valued, respected, and motivated to succeed. Ofsted highlighted the college's commitment to promoting personal development and well-being as a key strength.
- The College received accolades for its excellent student outcomes, with Ofsted recognising the college's success in helping students achieve strong academic results and progress to higher education or employment.
- Varndean Sixth Form College's leadership and governance were commended for their strong strategic vision, effective management, and commitment to continuous improvement. Ofsted acknowledged the college's robust leadership structures and their positive impact on the overall performance of the institution.

Ofsted inspectors reported:

- Students flourish in the vibrant and highly inclusive culture staff create. They are respectful towards others, value equality, and embrace diversity.
- Students benefit from expert teachers using their specialist knowledge to deepen students' understanding. As a result, students are secure in their knowledge and produce work that is of high standards.
- Managers provide programmes of learning for students to develop the knowledge, behaviours, confidence and resilience they need to be successful.
- Leaders have a clear and ambitious vision to provide high-quality and inclusive education for all students, including those who are disadvantaged. With staff, they share a very strong commitment to social mobility and justice and place students firmly at the centre of their work.
- Students value deeply the extensive support and care staff provide for their mental health and well-being.
- Leaders provide students with a programme of high-quality careers information and advice to help them make informed choices about their futures.
- Students develop valuable employability skills in work experience and through the courses they undertake. As a result, students are prepared well for their next steps and progress successfully to further learning, training and employment.

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PRINCIPAL RISKS AND UNCERTAINTIES

The College has an embedded system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. Based on the strategic plan, the Audit Committee undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit Committee will also consider any risks which may arise as a result of new areas of work being undertaken by the College.

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

The key risks currently graded as significant are:

1. Financial Sustainability

The College ensures the Corporation, via the Finance Committee, receives detailed, accurate and timely financial data alongside a range of mitigating actions to ensure that it continues to be able to provide high quality education and support for all of its students and to progress the strategic plan. Curriculum planning and efficiency reviews are central to this process.

2. Accommodation

Planned growth in student numbers may be restrained by the size and quality of the accommodation. The College has developed an accommodation masterplan to address its future needs alongside careful curriculum planning to ensure effective space utilisation.

3. Critical Incident Planning

The College Critical Incident Plan (CIP) is reviewed and tested regularly alongside planned awareness training for staff. Risk assessments can support the CIP by identifying risk circumstances and appropriate controls.

4. Cyber Security

Strong IT security controls are fundamental to the College's online and digital functions to safeguard College operations, data and systems.

Pay inflation

The Sixth Form Colleges sector continues to be challenged by pay inflation that has not been routinely met by additional funding commitments by the DfE. The recent announcement of a 5.5% funded pay rise for school teachers does not currently include Sixth Form Colleges. Pay awards implemented since 2021/22 have not been funded in full, placing increasing pressure on cash reserves. The College has implemented a review of resourcing all provision to maximise efficiencies and reduce the impact of future pay inflation in line with reducing its staffing ratio.

STAKEHOLDERS

In line with other colleges, Varndean Sixth Form College has many stakeholders. These include:

- Students
- Parents
- Education sector funding bodies

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- Staff
- Local employers (with specific links)
- Local authorities
- Government Offices/ Regional Development Agencies
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

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

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.

Numbers of employees who were union official during the relevant period	FTE employee number
1	1

Percentage of time	Number of employees
0%	
1-50%	1
51-99%	
100%	
Total cost of facility time	£6,497
Total pay bill	£9,662,000
Percentage of total bill spent on facility time	0.07%

Time spent on paid trade union activities as a percentage of total paid facility time	8.8%
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EQUALITY AND DIVERSITY

Equal opportunities and employment of disabled persons

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

The College welcomes all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005 and in particular, makes the following commitments:

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- a) most of the facilities are accessible to people with a disability;
- b) there is specialist equipment which the College can make available for use by students;
- c) the admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- d) the College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of student support tutors who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e) specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- f) counselling and welfare services are described in the College Charter.

Going Concern

The nationally agreed pay award of 6.5% in 2023-24 significantly impacted the college's finances in addition to a marginal decrease of student numbers during 2022-23. The subsequent pay award for 2024-25 and increase in Employer's National Insurance contributions were not met in full by the additional funding offered. The Corporation approved the pay award to ensure staff remained in parity with the sixth form sector. Efficiency savings for 2024-25 were initiated and are followed by further savings in 2025-26.

The Corporation is guided by the Financial Sustainability Plan that underpins our strategic aims, mission and values. This includes

- To ensure everything we do is value for money and maintain a financial health rating of at least Good
- To ensure maximum efficiency in student programmes
- To manage our cash reserves effectively and maintain a minimum of 25 cash days in hand
- To protect and develop non-funding income sources
- To maintain a well-developed property strategy

The College continues to improve the efficiency of the curriculum and to seek to ensure non-funded income can provide cash reserves for investment. Cross college teams continue to prioritise the improvement of key data reporting to support financial monitoring, student enrolments and retention, quality and achievement.

The leadership team are actively pursuing funding to progress the accommodation development masterplan, alongside seeking funding from other sources to support and resource the curriculum.

The overriding objective over the last year has been to manage and grow the College's cashflow. This continues in 2025-26.

The College's financial health is Requires Improvement in 2024-25. Financial health is expected to return to Good in 2025/26 as a result of realising efficiencies, moderate growth and an increase in the national funding rate.

The Corporation considers that the College will continue to have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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Professional Advisers

External auditors: Buzzacott, Audit LLP, 130 Wood Street, London, EC2V 6DL

Bankers: Lloyds Bank plc, 5 Preston Circus, Brighton, BN1 4LQ

Solicitors: Rix & Kay, 7 The Drive, Hove, BN3 3JS

Approved by order of the members of the Corporation on 10th December 2025, and signed on its behalf by

John Williams, Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

In the opinion of the Governing Body, the College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. In accordance with the guidance to Colleges from the Association of Colleges (AoC) Code of Good Governance for English Colleges (“the code”), which the Corporation adopted at its July 2021 Meeting and progressed any outstanding actions to ensure compliance with the Code, where possible, since its adoption. Prior to this the Corporation had due regard to the UK Corporate Governance Code (2018) insofar as it was applicable to the further education sector. Since the AoC Code of Good Governance was revised by the AoC, following a consultation period during the 2022/2023 academic year, the latest draft version was adopted by the Corporation at its July 2023 Meeting. It was run concurrently with the existing Code, to allow for any minor adjustments and further feedback from Colleges to be taken into account, prior to the withdrawal of the existing Code. The final version of the new Code was released by the AoC in September 2023 and during 2023/2024 the Corporation carried out a further review of the 3 Codes available to the FE/SFC sector and endorsed the AoC Code of Good Governance (2023). The Corporation monitors compliance with the Code via regular reporting and review by the Search and Governance Committee.

The Governing Body recognises that as a body entrusted with public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times and the College is committed to exhibiting best practice in all aspects of corporate governance. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges.

In the opinion of the Governors, the College has complied with the Code for the year to 31 July 2025 and evidence for this is based upon its internal review of compliance with the Code, as reported to the Corporation based upon a compliance checklist and action plan to the Search and Governance Committee on a termly basis, as recorded earlier in this report. The Board's intention is to comply with the Code as far as possible and to progress any outstanding actions in a timely manner. This opinion is also based upon an External Board Review (EBR) undertaken during the Spring/Summer Terms 2024, commissioning Stone King LLP to complete this review. The EBR report confirmed that notwithstanding that the review did not constitute a Code of Good Governance compliance audit, it was recorded that the Governing Body reviewed its compliance against the Code and that it was compliant or working towards compliance where required.

The Corporation is the legal entity that operates Varndean Sixth Form College (the College). The legal status of the Corporation is both a statutory Corporation established under the FHEA 1992 and an exempt charity. The College is an activity through which the Corporation achieves its charitable purpose. The Corporation's Board (Governing Body) has overall responsibility for the conduct of the College.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and the Principal Regulator is the Secretary of State for Education. 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 EBR carried out by Stone King LLP during the Spring/Summer 2024 noted that the Governing Body had due regard to the Charity Commission's guidance on public benefit to reflect the Members' status as Charitable Trustees.

The Corporation

The composition of the Corporation is set out on page 17 to 19. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least once a term and usually twice per term.

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The Corporation conducts some of its business through committees. Each committee has terms of reference, which have been approved by the Corporation. The Committees are: Audit Committee (including Risk matters), Search and Governance Committee, SPH Remuneration Committee and Finance Committee. There is also an Accommodation Working Group of Governors which reports to Corporation. With effect from the 2025/2026 academic year, the Corporation approved the establishment of a new Committee - the Quality, Curriculum and Student Experience Committee which will meet termly and report and make recommendations to Corporation.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation/Governance Director at the address below and once approved on the College website (varndean.ac.uk).

Varndean Sixth Form College
Surrenden Road
Brighton
BN1 6WQ

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Governors, who is responsible to the Corporation for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk to the Corporation, 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 an ad-hoc basis.

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal 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 receives recommendations from the Search & Governance Committee, comprising Governors and includes the Chair of Corporation, the Principal and up to two other Governors, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years and at the end of their term of office are eligible for re-appointment.

The Governing Body does have more than one Governor who has served more than 8 years, being the maximum service recommended by the AoC's Code of Good Governance. The Corporation's Search and Governance Committee reviews all Governor appointments and reappointments to ensure that there remains a good balance, without bias within the overall Corporation membership and reappoints Governors for a longer than the recommended service, where they provide exceptional service and they contribute to the overall skill set and experience of the Corporation.

The Corporation is responsible for ensuring that appropriate training is provided to Governors as required. During the 2024/2025 academic year, Governors were offered various training including the Education Training Foundation's (ETF) Governance Development Programme and the SFCA programme of Governance webinars. Furthermore, Chair of Finance and Audit Committees were invited to attend the AoC's new networking meetings for Committee Chairs along with various AoC Masterclasses for all Governors. A record of all Governor training is maintained by the Clerk to the Corporation and a summary of training is circulated for review annually to the Search and Governance Committee. In addition, annually Governors are issued with an individual governance self-assessment questionnaire, which includes a section on Governor training needs, and the responses are reviewed by the Search and Governance Committee and actioned as appropriate. Other training and development are offered to Governors as appropriate subject to budgetary restrictions and in-house pre-Corporation and pre-Committee training sessions are also provided as needed, including Safeguarding and Prevent training. All new Governors participate in the College's Governor induction process and are invited to

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attend the AoC new Governor induction events. Training records are maintained and reported to Corporation via the Search and Governance Committee.

The Clerk to the Corporation is also offered training, including inhouse Safeguarding/Prevent and other relevant training together with external training provided by the AoC/ETF. The Clerk recently completed the AoC Governance Professionals Development Programme Expert Level course and qualification and regularly attends the AOSEC Governance Professionals meetings and SFCA and AoC Conferences.

Corporation Performance

The Search and Governance Committee of the Corporation annually reviews the Corporation's own performance at its Autumn Term meeting and the Self-Assessment Report (SAR) arising from this, is recommended to Corporation for approval. References and excerpts from the Governance SAR are included within the whole College SAR which is also approved by Corporation. For the 2024/2025 academic year, the Corporation's self-assessment has been graded "1". The annual SAR is included within the relevant meeting papers at that time.

As reported earlier, in line with the new guidance, the Corporation commissioned an external board review (EBR) in 2024 as required by the DFE and the AoC Code of Good Governance, and the Corporation, following the Search and Governance Committee's recommendations in the Autumn Term 2023, appointed Stone King LLP, as its EBR reviewer, to complete the College's EBR in the Summer Term 2024.

Actions based on the EBR recommendations were incorporated into the Governance Self-Assessment Report and Action Plan and progress monitored regularly via the Search and Governance Committee. The EBR Executive Summary was uploaded to the Governance section of the College's website.

Senior Postholders (SPH) Remuneration Committee

This Committee which comprises Governors other than the Principal, Staff and Student Governors, but does include the Chair of Governors, has the following responsibilities:

- a) To consider and recommend policy and procedures for the appointment, grading, professional development review, suspension, dismissal and determination of the pay and conditions of the holders of senior posts including the Clerk.
- b) To make recommendations to Corporation on the remuneration of Senior Postholders and to make such other recommendations to the Corporation as are deemed appropriate. Recommendations will also be based upon a satisfactory performance review and with reference to the requirements of the SPH Remuneration Policy.

The College adopted the AoC's Senior Post Holder Remuneration Code. in 2021. In accordance with the Code, the Remuneration Committee has provided an Annual Remuneration Report to the Board for approval, in respect of the period 1st August 2024 to 31st July 2025. The Report will be published on the College's website.

Details of the remuneration of the Principal for the year ended 31 July 2025 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises Governors and may include co-opted Members, but does not include the Principal, Staff or Student Governors. At least one member must have relevant financial/audit experience. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee usually meets at least once a term and provides a forum for reporting by the College's internal assurance team and external auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

Following guidance issued to Colleges by the DFE during 2021/2022 academic year, that External Auditors should report directly to Corporation, the Board had agreed to take the approach of inviting the Chair of Governors to attend the annual Autumn Term Audit Committee meetings, at which the External

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Auditors provided their various reports and assurances to the Audit Committee. This enables the Chair of Governors to provide reassurance to the Board, regarding the assurance received from the External Auditors, at the subsequent Corporation Meeting held annually in December.

For the year to 31st July 2025, the College's internal auditors reviewed the systems of internal control, risk management controls and governance processes as appropriate and in accordance with an agreed plan. The auditors' findings are reported to Management and to the Audit Committee. The Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

With effect from the 2025/2026 Academic Year, the Corporation agreed on the recommendations from the Audit Committee based on information and assurance provided by Management, that the appointment of Internal Auditors should be paused for the 2025/2026 academic year only and then reappointed with effect from the 2026/2027 academic year onwards. Internal Audit assurance will be provided by the SLT, having taken into account risks, assurance and reporting requirements to the Governing Body.

During the accounting period, the Audit Committee met three times on the following dates and all meetings were quorate:

28th November 2024
13th March 2025
12th June 2025

Attendance Record for Audit Committee Members:

Member	Term of Office (Start/Finish)	Attendance
Alan Walker	From February 2020	3 out of 3, 100%
Brendan Ward	From February 2020	2 out of 3, 67%
Paul Herridge	From April 2019	3 out of 3, 100%
John O'Sullivan	From July 2022	3 out of 3, 100%
Danyalle Brinsmead	From July 2023 – retired Dec 2024	0 out of 1, nil
Carrie Llewellyn	From February 2025	2 out of 2, 100%

The Audit Committee monitors the risk management process at the College and there is a standing agenda item on Risk Management at every meeting.

The Principal, Donna-Marie Janson, is invited to attend Audit Committee Meetings, along with the Deputy Principal, James Gordon and the Vice-Principal, Elaine French.

Finance Committee

The Committee meets once per term to consider, monitor and advise the Corporation as appropriate on all aspects of the Corporation's finances, financial policies, controls, strategy and statutory compliance and to ensure the efficient use of resources, solvency of the College and safeguarding of its assets.

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 Accountability Agreement (which incorporates the Funding Agreement) between Varndean Sixth Form College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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The purpose of the system of internal control

The system of internal control is based on an on-going 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 Varndean Sixth Form College for the year ended 31 July 2025 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2025 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.

As reported above, Varndean Sixth Form College has until the end of the 2024/2025 academic year, adopted an internal assurance process provided by a third party, Wylie and Bisset. The internal assurance provision operated in accordance with the requirements of the DfE's Framework and Guide for External Auditors and Reporting Accountants of Colleges which incorporates the Joint Audit Code of Practice.

College management and Governors have assessed the internal controls and developed 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 during the year on this assurance activity in the College which included third party reports on:

- Corporate Governance
- Funded Learner Numbers
- Bursary and Free Meals
- Budgeting and Financial Reporting

Risks faced by the Corporation

Overall responsibility for risk management within the College rests with the Principal as Accounting Officer, together with the Governing Body, with the Audit Committee providing assurance to the Board regarding the effectiveness of the arrangements which are in place. The Senior Leadership Team scores and tracks the likelihood and impact of risks on a termly basis noting any mitigation or action to be taken. The Risk Register is maintained at management level with assurance provided to Corporation Committees. The process is reviewed once per term by the Audit Committee. All Audit Committee meetings consider risk as a standing agenda item and regularly reviews both the Risk Register, Risk Assurance Map and Risk Management Policy, together with various risk related reports provided by the External and Internal Auditors. "Fraud" is also a standing item on the Audit Committee meeting agendas. Further information relating to risk has been included in the Principal Risk and Uncertainties section of this Annual Report. The Board also places reliance on the Search and Governance Committee which monitors and reviews risks relating specifically to governance, in addition to its responsibilities relating to good governance practice, such as effective succession planning.

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Control weakness identified

No control weaknesses have been identified during the year, and no concerns were raised by the Audit Committee.

Responsibilities under Funding Agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

The Governing Body has ensured the appropriate use of funds as detailed in the Regularity Self-Assessment Questionnaire. At no time during this accounting period has the Accounting Officer, who has the responsibility to ensure compliance with the funding conditions, considered it necessary to advise the Governing Body that any action or policy under its consideration was incompatible with the funding agreement. The College's funding agreement with the DfE is reviewed annually by the Senior Leadership Team and significant changes and their implications are considered by the Resources Committee and Corporation, ensuring that all requirements of that agreement are met. The Audit Committee believes that the Corporation has satisfactorily discharged its responsibilities as set out in these annual financial statements.

The Governing Body has monitored the submission of financial plans through timely approvals of budgets and forecasts, together with regular monitoring of management accounts. The Annual Report and Financial Statements are submitted to the Department for Education (DfE) within the deadline required and a copy is made available on the College's website, once approved by the Governing Body, for access by all.

The Governing Body has also ensured that the terms and conditions of specific funding streams such as capital grants have been met and the details of which are monitored closely.

Statement from the Audit Committee

The Audit Committee has advised the Governing Body that the College has in place an effective framework for governance and risk management. The Audit Committee has also confirmed that the Governing Body has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2024-2025 and up to the date of this approval of these Financial Statements are:

- i) Internal Audit Strategy and Plan
- ii) Internal Audit Reports (including Learner Numbers, funding review, risk management, follow up, Bursary Free School Meals' Review)
- iii) Performance Indicators for Internal Audit and reappointment/remuneration
- iv) Financial Statements Audit, including the regularity audit and Letters of Representation
- v) Review of progress made on the implementation of recommendations made by the Financial Statements Auditor
- vi) External Audit Findings Report
- vii) External Audit Tender Process and timeline/Appointment and Remuneration (Tender Board)
- viii) Performance Indicators for External Audit and reappointment/remuneration
- ix) Regularity Audit Self-Assessment Questionnaire and Letters of Representation
- x) External Audit Plan for the year ended 31st July 2025

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- xi) Risk Management – the Committee receives regular risk management reports and noted progress against the risk management action plan. It also reviewed the Risk Register and considers that effective controls are in place. The Committee was also presented with and considered the Risk Register and Risk Assurance Map, the latter of which included risk assurance for other Corporation Committees.
- xii) Policies/Other Documents: Risk Management Policy, Critical Incident Plan/scenarios and outcomes, Cyber Security Policy, Anti-Bribery Policy, Anti-Fraud and Irregularity Policy, IT Disaster Recovery Plan, Digital Strategy Road Map, Procurement Policy, Public Interests Disclosure Policy, Bursary and Free School Meals Policy and Action Plan.
- xiii) Other Matters: Committee action points and rolling action plan, Annual Report of the Audit Committee, progress with internal and external audit recommendations, Fraud and Whistleblowing reports, Audit Committee self-assessment and review of terms of reference.

Review of effectiveness

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

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

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the College departments. The Senior Leadership Team and the Audit Committee also receive regular reports from the internal Assurance Team 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 2025 meeting, the corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Senior Leadership Team and internal audit and taking account of events since 31 July 2025.

Based on the advice of the Audit Committee and Principal, 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"*.

Approved by order of the members of the Corporation on 10th December 2025 and signed on its behalf by:

John Williams
Chair

Donna-Marie Janson
Principal

Date: 10th December 2025

Date: 10th December 2025

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MEMBERS OF VARNDEAN CORPORATION (From 1 August 2024 to the date of this report)

Name	Date appointed/reappointed	Term of office	Date of Expiry of office or Resignation	Status	Committees served	Attendance
					<i>Note 1 refer below</i>	<i>Note 1 refer below</i>
Nicholas Armstrong	Dec-23	4 yr	Dec-27	Governor		80% (4 of 4)
Jill Arnold	May-21 May 25 extended to July 25	4 yr	July 25	Governor	Chair of Governors wef 2022/2023 academic year. Finance Committee (from March 2021 as co-opted Member until May 2021 when appointed as a Governor). Search and Governance Committee (from July 2022), SPH Remuneration Committee (From July 2022)	80% (4 of 5)
Jodie Braham	Jan-23 Jan 25	2yr	Dec-24 Dec 28	Parent	Remuneration Committee appointed in July 2023 (Chair from Oct 25) Quality Curriculum and Student Experience (from 25/26 year)	80% (4 of 5)
Danyalle Brinsmead	Jan-23	2yr	Dec-24	Parent	Audit Committee appointed in July 2023	0% (0 of 2)
Toby Douglass	May 25	1 yr	May 26	Student Governor	Quality Curriculum and Student Experience (from 25/26 year)	100% (2 of 2)
Sarah Dunsmore	Mar 25	4 yr	Mar 29	Staff Governor (Support)		100% (2 of 2)
Ayas Fallon-Khan	Dec-09 Dec-13 Dec-17 Dec-21 Dec 25	4 yr 4 yr 4 yr 4 yr	Dec-13 Dec-17 Dec-21 Dec-25 Dec 29	Governor	Risk Management Group (until Dec 2021), Finance Committee (from Feb 2020), SPH Remuneration Committee (from August 2019) Accommodation Working Group	20% (1 of 5)
Paul Herridge	Feb-19 Dec 20 Dec 24	2 yr 4 yr 4 yr	Dec-20 Dec-24 Dec 28	Parent Governor Governor	Risk Management Group (from October 2019) and Chair post October 2019 until RMG disbanded Dec 2021), Audit Committee (from	100% (5 of 5)

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					October 2019 and Chair from July 2023) AWG (Chair from July 22 to July 23)	
Donna-Marie Janson	Sep-20	Ex-officio		Principal	From September 2020: Search and Governance; Risk Management Group (until Dec 2021), Finance Committee, Accommodation Working Group	80% (4 of 5)
Yasmin Khan	July 25	4 yr	Jul 29	Governor		n/a
Ruth King	Dec-23	4 yr	Dec-27 Resigned Oct 24	Governor		100% (1 of 1)
John Lamb	Dec 24	2 yr	Dec 26	Parent	Quality Curriculum and Student Experience (from 25/26 year)	100% (3 of 3)
Simon Lindfield	Mar-12	4 yr	Mar-16	Governor	Finance Committee (Chair). Appointed Vice Chair of Corporation from Dec 2016, SPH Remuneration Committee (Chair until October 25), Accommodation Working Group, S & G Committee (resigned July 2021)	80% (4 of 5)
	Mar-16	4 yr	Mar-20			
	Mar-20	4 yr	Mar-24			
	Mar-24	4 yr	Mar 28			
Carrie Llewellyn	Dec 24	2 yr	Dec 26	Parent	Audit Committee (from Jan 25) Quality Curriculum and Student Experience (from 25/26 year)	67% (2 or 3)
Folayemi Oyelola	May-24	1 yr	May-25	Student		33% (1 of 3)
Keith Perera	Jul-23	4 yrs	Jul-27	Governor	Quality Curriculum and Student Experience (from 25/26 year)	67% (3 of 5)
Lysander Pierce	May-24	1 yr	May-25	Student		100% (3 of 3)
Alan Walker	Oct-19	4 yr	Oct-23	Governor	Audit Committee (from October 2019 and Chair from February 2020 until July 2022), Accommodation Working Group (from October 2019 and Chair from July 2022), Search and Governance Committee (appointed Dec 2021)	100% (5 of 5)

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Brendan Ward	Feb-20 Mar 24	4 yr 4 yr	Feb-24 Mar 28	Governor	Audit Committee, Search and Governance Committee (from July 2021 and Chair from July 2022) Accommodation Working Group	80% (4 of 5)
John Williams	July 21 Mar 25 (wef Jul 25)	4 yr 4 yr	Jul-25 Jul 29	Governor Chair of Governors from 25/26 academic year	Finance Committee AWG until July 25 (S & G Committee from 25/26 and Chair from October 25), Remuneration Committee (from Oct 25) Quality, Curriculum & Student Experience (from 25/26)	100% (5 of 5)
Aldona Wheeler	Mar-17 Mar-21	4 yr	Mar-21 Mar-25	Support Staff		67% (2 of 3)
Jason Wye	Dec-21	4 yr	Dec-25	Teaching Staff	Quality Curriculum and Student Experience (from 25/26 year)	80% (4 of 5)
Jolenta Young	May-25	1 yr	May 26	Student Governor	Quality Curriculum and Student Experience (from 25/26 year)	100% (2 of 2)

NOTE 1: Attendance at Corporation Meetings during the period of the individual Governor's membership from 1st August 2024 for the 2024/2025 academic year – there were 5 Corporation meetings during the academic year.

NOTE 2: Governor attendance benchmark per annum is 70%. Overall Corporation attendance was 70% for 2024/2025.

NOTE 3: From 1 August 2024 until the date of this report, the following individuals were Members of the Audit Committee but not Members of the Corporation:

John O'Sullivan – Audit Committee co-opted Member– appointed July 2022 (with effect from 2022/2023 academic year)

NOTE 4: With effect from the 2025/2026 Academic Year, the Corporation established a Quality, Curriculum and Student Experience Committee, reporting to the Corporation.

Louise Pennington – Clerk to the Governors/Governance Director and is a qualified Company Secretary, being an Associate of the Chartered Governance Institute and is also a Fellow of the Chartered Insurance Institute.

John Williams
Chair
Date: 10th December 2025

Donna-Marie Janson
Principal
Date: 10th December 2025

VARNDEAN SIXTH FORM COLLEGE

Statement of Regularity, Propriety and Compliance

As accounting officer of the corporation of Varndean Sixth Form College I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the college's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding.

I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.

Donna-Marie Janson, Accounting Officer

10th December 2025

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Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the *College's Accountability Agreement, funding agreement and contracts* with the DfE, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from all funding bodies are used only in accordance with the funding agreements and contracts and any other conditions that may be prescribed from time to time by the DfE or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and DfE's bite size guides.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds are not put at risk.

Approved by order of the members of the Corporation on 10th December 2025 and signed on its behalf by:

John Williams, Chair

VARNDEAN SIXTH FORM COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF VARNDEAN SIXTH FORM COLLEGE

Opinion

We have audited the financial statements of Varndean College for the year ended 31 July 2025 which comprise the statement of comprehensive income and expenditure, the statement of changes in reserves and balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the College Accounts Direction 2024 to 2025 issued by the Department for Education (DfE).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2025 and of its financial performance and cash flows for the year then ended;
- have been prepared in accordance with UK Generally Accepted Accounting Practice, the Statement of Recommended Practice: Accounting for Further and Higher Education and the College Accounts Direction 2024 to 2025 issued by the DfE;

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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

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We have nothing to report in respect of the following matters in relation to which the Framework and guide for external auditors and reporting accountants of colleges issued by the DfE requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation on page 21, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of 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 members of the Corporation are 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 members of 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 it 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.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the **Group and the College** through discussions with management, and from our knowledge and experience of the Further Education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the **Group and the College**, including the College Accounts Direction 2024 to 2025 issued by the DfE, Further and Higher Education Act 1992, funding agreements with the DFE and associated funding rules, DFE regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an 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 College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date:

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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Independent Reporting Accountant's Report on Regularity

To: The Corporation of Varndean College and the Secretary of State for Education

In accordance with the terms of our engagement letter dated 26 June 2025 and further to the requirements of Department for Education (DfE) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Varndean College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to the Corporation of Varndean College and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Varndean College and the Secretary of State 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 Varndean College and the Secretary of State for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Accounting Officer of Varndean College and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which govern them.

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 extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. 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 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

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 consequently 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.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

VARNDEAN SIXTH FORM COLLEGE

Conclusion

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 2024 to 31 July 2025 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Buzzacott Audit LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

VARNDEAN SIXTH FORM COLLEGE

Statement of Comprehensive Income For The Year Ended 31 July 2025

	Notes	2025 £'000	2024 £'000
INCOME			
Funding body grants	2	10,820	10,164
Tuition fees and charges	3	881	1,205
Other income	4	670	425
Investment income	5	-	88
TOTAL INCOME		£12,371	£11,882
EXPENDITURE			
Staff costs	6	9,662	9,097
Other operating expenses	8	1,898	1,894
Depreciation	11	989	1,115
Loss on disposal of assets	11	-	37
Impairment loss	11	-	20
Interest and other finance costs	9	109	15
TOTAL EXPENDITURE		£12,658	£12,178
Deficit before tax		(287)	(296)
Taxation	10	-	-
DEFICIT FOR THE YEAR		(287)	(296)
Actuarial gain/(loss) in respect of pension schemes	18	104	(132)
TOTAL COMPREHENSIVE (EXPENDITURE) FOR THE YEAR		£(183)	£(428)

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

VARNDEAN SIXTH FORM COLLEGE

Statement of Changes in Reserves
For the Year Ended 31 July 2025

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
At 31 July 2023	1,714	1,663	3,577
Deficit from the income and expenditure account	(296)	-	(296)
Other comprehensive expenditure	(132)	-	(132)
Transfers between revaluation and income and expenditure reserves	91	(91)	-
	<hr/>	<hr/>	<hr/>
At 31 July 2024	1,378	1,771	3,149
Deficit from the income and expenditure account	(287)	-	(287)
Other comprehensive income	104	-	104
Transfers between revaluation and income and expenditure reserves	91	(91)	-
	<hr/>	<hr/>	<hr/>
Total comprehensive (expenditure) for the year	(92)	(91)	(183)
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2025	£1,286	£1,680	£2,966
	<hr/>	<hr/>	<hr/>

VARNDEAN SIXTH FORM COLLEGE

Balance Sheet at 31 July 2025

	Notes	£'000	2025 £'000	£'000	2024 £'000
NON CURRENT ASSETS					
Tangible assets	11		11,909		12,458
CURRENT ASSETS					
Stock	12	14		14	
Trade and other receivables	13	322		380	
Cash and cash equivalents		700		465	
		—	1,036	859	
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR					
	14	(2,905)		(2,535)	
NET CURRENT LIABILITIES		—	(1,869)	—	(1,676)
TOTAL ASSETS LESS CURRENT LIABILITIES			10,040		10,782
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	15		(6,993)		(7,548)
PROVISIONS FOR LIABILITIES AND CHARGES					
Defined benefit obligations	18	-		-	
Other provisions	17	(81)	—	(85)	—
TOTAL NET ASSETS			£2,966		£3,149
		—	—	—	—
RESERVES					
General reserve		1,286		1,378	
Revaluation reserve		1,680	—	1,771	—
TOTAL RESERVES			£2,966		£3,149
		—	—	—	—

The financial statements on pages 25 to 42 were approved by the Corporation on 10th December 2025, and signed on its behalf by:

John Williams
Chair

Donna-Marie Janson
Principal

Statement of Cash Flows
For the Year Ended 31 July 2025

	2025	2024
	£'000	£'000
Cash flow from operating activities		
Deficit for the year	(183)	(296)
Adjustment for non-cash items		
Depreciation	989	1,115
Impairment loss	-	20
Loss on disposal of assets	-	37
Decrease in stocks	-	1
Decrease in debtors	58	86
Increase/(Decrease) in creditors	421	(316)
Deferred capital grants released to income	(446)	(492)
Pensions costs less contributions payable	(6)	(45)
Adjustment for investing or financing activities		
Repayment of capital investment through service contract	-	(18)
Investment income	-	(88)
Net cash flow from operating activities	<u>833</u>	<u>4</u>
Cash flows from investing or financing activities		
Interest element of finance lease payments	(7)	(11)
Deferred capital grants repaid	(26)	(61)
Deferred capital grant received	-	2,306
Payments made to acquire fixed assets	(440)	(3,171)
Capital element of finance lease payments	(125)	(259)
	<u>(598)</u>	<u>(1,196)</u>
Increase/(Decrease) in cash and cash equivalents in the year	<u>235</u>	<u>(1,192)</u>
Cash and cash equivalents at beginning of the year	465	1,657
Cash and cash equivalents at end of the year	<u>700</u>	<u>465</u>

Notes to the Financial Statements for the Year Ended 31 July 2025

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024 to 2025 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.

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention.

The impact of pay cost inflation, not met in full by funding increase, has been challenging. Efficiency savings to reduce the staffing cost ratio have been initiated in 2024/25 with further to follow in 2025/26. Financial sustainability remains a core strategic objective for College, with the key priority to improve cashflow, grow reserves and return the College's financial health to Good in 2025/26. The efficiencies implemented, improvements in retention alongside growth in student numbers and an increase in the national funding rate has ensure that the College will continue to have adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis is considered appropriate.

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of October following the year end. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

Post-employment benefits

Retirement benefits open to all employees of the College are provided by the Teacher's Pension Scheme (TPS) and the East Sussex pension Fund (ESPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

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

VARNDEAN SIXTH FORM COLLEGE

pensionable payroll. The contributions are determined by qualified actuaries based on quinquennial valuations using a prospective benefit method. As stated in note 18, the TPS is a multi-employer scheme, and the College

is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

Enhanced pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the college's statement of comprehensive income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Tangible Fixed Assets

Freehold land and buildings

Land and buildings inherited from the Local Education Authority and buildings acquired since incorporation are stated in the balance sheet at valuation based on depreciated replacement costs as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of up to 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

There were no finance costs directly attributable to the construction of buildings capitalised as part of the cost of these assets.

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

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

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

VARNDEAN SIXTH FORM COLLEGE

Equipment

Equipment costing less than £500 per individual item is written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

All equipment is depreciated on a straight-line basis over its remaining useful economic life to the College. These are currently:

Equipment	20.0% per year
Vehicles	33.3% per year
Furniture	10.0% per year
Computers	20% - 33.3% per year
Software	10% per year

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

Leased assets

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Stock

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

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 generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Provisions

Provisions are recognised when the institution 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.

Maintenance of premises

The cost of long-term and routine corrective maintenance is charged to the statement of comprehensive income as incurred.

VARNDEAN SIXTH FORM COLLEGE

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the college's tangible 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

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 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2025. 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.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

2 FUNDING BODY GRANTS

	2024 £'000	2024 £'000
Recurrent grant – DfE	9,372	9,174
Teachers' Pension Grant	583	406
Releases of deferred capital grants	446	445
Other funds	419	139
	—	—
	£10,820	£10,164
	—	—

3 TUITION FEES AND CHARGES

	2024 £'000	2024 £'000
UK Further Education Students	150	211
International Students	731	994
	—	—
	£881	£1,205
	—	—

VARNDEAN SIXTH FORM COLLEGE

4 OTHER INCOME

	2024 £'000	2024 £'000
Other income generating activities	475	273
Other grant income	52	47
Other income	143	105
	—	—
	£670	£425
	==	==

5 INVESTMENT INCOME

	2025 £'000	2024 £'000
Other interest receivable	-	88
	—	—
	£-	£88
	==	==

6 STAFF COSTS

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

	2025 Number	2024 Number
Teaching departments	139	154
Non-teaching staff	125	115
	—	—
	264	269
	==	==

Expressed as full-time equivalents:

	2025 Number	2024 Number
Teaching departments	93	94
Non-teaching staff	81	76
	—	—
	174	170
	==	==

	2025 £'000	2024 £'000
Staff costs for the above persons		
Wages and salaries	7,194	6,962
Social security costs	753	672
Pension costs (including FRS 102 (28) adjustments of £8,000 (2024 – (£38,000))	1,715	1,463
	—	—
	£9,662	£9,097
	==	==

VARNDEAN SIXTH FORM COLLEGE

The members of the Corporation, other than the Principal, did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

A teaching staff pay increase of 5.5% was approved by the Corporation in the Spring Term 2025 and awarded with effect from 1 September 2024.

A support staff pay increase of 5.5%, with some lower salary bands receiving up to an additional 1.94%, was approved by the Corporation in the Spring Term 2025 and was implemented with effect from 1 March 2025.

7 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College have been represented by the Senior Leadership Team which comprises:

The Principal, Donna-Marie Janson
Deputy Principal, James Gordon
Vice Principal Student Services, Lisa Watkin-Stevens
Vice Principal Resources, Elaine French
Assistant Principal, Jo Hambleton.

	2025 Number	2024 Number
The number of key management personnel including the Accounting Officer was:	5	5

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

	Key management personnel		Other staff	
	2025 No.	2024 No.	2025 No.	2024 No.
£60,001 to £65,000 p.a.	-	1	5	-
£65,001 to £70,000 p.a.	1	-	-	-
£70,001 to £75,000 p.a.	-	1	-	-
£75,001 to £80,000 p.a.	-	2	-	-
£80,001 to £85,000 p.a.	2	-	-	-
£85,001 to £90,000 p.a.	1	-	-	-
£110,001 to £115,000 p.a.	-	1	-	-
£120,001 to £125,000 p.a.	1	-	-	-
	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>

Key management personnel emoluments are made up as follows:	2025 £'000	2024 £'000
Salaries	436	405
National Insurance	56	50
Pension contributions	118	99
Total emoluments	<u>£610</u>	<u>£554</u>

VARNDEAN SIXTH FORM COLLEGE

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	2025 £'000	2024 £'000
Salary	120	112
Pension contributions	35	28
	—	—
Total emoluments	£155	£140
	—	—

The Accounting Officer's remuneration is subject to annual review by the Remuneration Committee using benchmarking data from the Sixth Form Colleges Association annual pay survey data analysis and taking into account nationally agreed sector cost of living awards.

The pension contributions, in respect of the Accounting Officer and key management personnel are in respect of employers contributions to the Teachers' Pension Scheme, and the Local Government Pension Scheme and are paid at the same rate as for other employees.

No costs were incurred by the College on behalf of members, key management personnel or other higher paid staff in relation to overseas activities.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2025 £'000	2024 £'000
Principal's basic salary as a multiple of the median of all staff	3.14	2.76
Principal and CEO's total remuneration as a multiple of the median of all staff	3.14	2.76

The methodology for this calculation is based on employed posts at the year end and does not include agency or temporary staff.

Severance Payments

The College paid 4 (2024: 5) severance payments in the year, disclosed in the following bands:

	2025	2024
0 - £25,000	4	5

Included in staff restructuring costs are special severance payments of £11,414 (2024: £5,716). Individually the payments were £9,200 and £2,214).

VARNDEAN SIXTH FORM COLLEGE

8 OTHER OPERATING EXPENSES

	2025 £'000	2024 £'000
Teaching departments	142	162
Teaching support services	66	76
Other support services	52	52
 Premises costs - ongoing	 322	 322
Administration and support services	404	489
General education expenditure	661	699
Other expenses	251	94
	£1,898	£1,894
	<hr/>	<hr/>

Other operating expenses include:

Auditors' remuneration		
Financial statements and regularity audit	29	29
Internal assurance / audit	4	8
Catering	204	23
Hire of other assets	20	24
	<hr/>	<hr/>

9 INTEREST AND OTHER FINANCE COSTS

	2025 £'000	2024 £'000
On finance leases	7	11
Pension interest costs	102	4
	<hr/>	<hr/>
	£109	£15
	<hr/>	<hr/>

10 TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

VARNDEAN SIXTH FORM COLLEGE

11 TANGIBLE ASSETS

	Freehold land and buildings £'000	Assets in the course of construction £'000	Equipment £'000	Total £'000
COST OR VALUATION				
At 1 August 2024	19,509	272	3,231	23,012
Additions	172		268	440
Transfer from AUC	-	-	-	-
Disposals	-	-	(332)	(332)
At 31 July 2025	19,681	272	3,167	23,120
DEPRECIATION				
At 1 August 2024	7,853	-	2,701	10,554
Charge for the year	671	-	318	989
Disposals	-	-	(332)	(332)
At 31 July 2025	8,524	-	2,687	11,211
NET BOOK VALUE				
At 31 July 2025	11,157	272	480	11,909
At 31 July 2024	11,656	272	530	12,458
Inherited	1,688	-	-	1,688
Financed by capital grant	7,505	-	-	7,505
Other	1,964	272	480	2,716
Net book value at 31 July 2025	£11,157	£272	£480	£11,909

Land and buildings inherited from the local education authority are included on an existing use basis as valued by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local education authority at incorporation are included at valuation and depreciated over their remaining useful lives. The inherited assets were valued on incorporation in 1992. The historical cost of the inherited assets to the College is nil.

Land and buildings with a net book value of £7,505,000 (2024: £7,949,000) have been funded by exchequer funds. Should these assets be sold, the College would either have to surrender the sale proceeds or use them in accordance with its Financial Memorandum.

The net book value of equipment includes an amount of £52,000 (2024 – £187,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £52,000 (2024 – £247,000). Also included are intangible assets with a net book value of £13,000.

12 STOCK

	2025 £'000	2024 £'000
Stock	£14 =	£14 =

VARNDEAN SIXTH FORM COLLEGE

13 DEBTORS

	2025 £'000	2024 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade debtors	1	9
Prepayments and accrued income	192	218
Other debtors	129	153
	<hr/>	<hr/>
	£322	£380
	<hr/>	<hr/>

14 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £'000	2024 £'000
Obligations under finance leases	53	130
Trade creditors	125	58
Other taxation and social security	220	150
Accruals	42	53
Holiday pay accrual	365	343
Amounts owed to funding body	208	206
Other creditors	1,446	1,150
Deferred income – government capital grants	446	445
	<hr/>	<hr/>
	£2,905	£2,535
	<hr/>	<hr/>

15 CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	2025 £'000	2024 £'000
Obligations under finance leases	18	75
Other creditors due after one year	-	25
Deferred income – government capital grants	6,975	7,448
	<hr/>	<hr/>
	£6,993	£7,548
	<hr/>	<hr/>

16 NET DEBT

The net finance lease obligations to which the College is committed are

	2025 £'000	2024 £'000
In one year or less	53	130
Between two and five years	18	75
	<hr/>	<hr/>
	£71	£205
	<hr/>	<hr/>

VARNDEAN SIXTH FORM COLLEGE

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Enhanced pension £'000
At 1 August 2024	85
Expenditure in the year	(12)
Transferred from statement of comprehensive income (note 18)	4
Interest costs	4
	<hr/>
At 31 July 2025	£81
	<hr/>

The enhanced pension provision related to the cost of all staff who have already left the College's employment. This provision has been calculated in accordance with guidance issued by the funding bodies.

18 PENSIONS AND SIMILAR OBLIGATIONS

The College employees belong to two principal pension schemes, the East Sussex Pension Fund (ESPF) and the Teachers' Pension Scheme England and Wales (TPS). Both are defined benefit schemes.

The total pension cost for the College was:

	2025 £'000	2024 £'000	2024 £'000
Contributions to TPA	1,271		1,100
ESPF: Contributions paid	432		395
FRS102 (28) adjustment	8	(38)	<hr/>
Charge to the statement of comprehensive income	440		357
Enhanced pension income/(charge) transferred to statement of comprehensive income (Note 17)	4	6	<hr/>
Total pension cost (Note 6)	£1,715		£1,463
	<hr/>		<hr/>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2020 and the ESPF 31 March 2022.

Contributions amounting to £169,742 (2024: £135,069) and £49,528 (2023: £43,467) were payable to the TPA and ESPF schemes respectively at the year end and are included in other creditors.

ESPF

The ESPF is a funded defined benefit scheme, with assets held in separate trustee administered funds. From 1 April 2020 the employer contribution was 19.8%.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2022 and updated to 31 July 2025 by a qualified independent actuary.

VARNDEAN SIXTH FORM COLLEGE

At	31 July 2025	31 July 2024
Rate of increase in salaries	3.85%	3.9%
Rate of increase for pensions/ inflation	2.85%	2.9%
Discount rate for liabilities	5.80%	5.05%
Commutation of pensions to lump sums pre April 2008	50%	50%
Commutation of pensions to lump sums post April 2008	75%	75%

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

Current pensioners	31 July 2025	31 July 2024
Males	21.8	20.8
Females	24.1	23.8
Future pensioners		
Males	23.4	21.8
Females	25.8	25.3

The College's share of the assets in the scheme were:

	Value at 31 July 2025 £'000	Value at 31 July 2024 £'000	Value at 31 July 2023 £'000
Equities	7,809	7,473	7,622
Bonds	2,085	1,652	1,262
Property	1,709	1,602	692
Cash	165	148	133
	—	—	—
Total market value of assets	11,768	10,875	9,709
Present value of scheme liabilities	(8,625)	(8,975)	(8,038)
Unrecognised surplus	(3,143)	(1,900)	(1,671)
	—	—	—
Recognised surplus/(Deficit) in the scheme	£0	£0	£0
	==	==	==

Analysis of the amount charged to the statement of comprehensive income

	2025 £'000	2024 £'000
Employer service cost (net of employee contributions)	404	352
Past service cost	-	-
	—	—
Total operating charge	404	352
	—	—
Analysis of net return on pension scheme		
Expected return on pension scheme assets	549	501
Interest on pension liabilities	(451)	(413)
	—	—
Net return on assets	98	88
	—	—

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Amount recognised in Other Comprehensive Income

Actual return less expected return on pension scheme assets	(8)	(165)
Experience gains and (losses) arising on the scheme liabilities	(96)	38
Change in financial and demographic assumptions underlying the scheme liabilities	(1,243)	224
Unrecognised movement in surplus/surplus	1,243	(229)

Actuarial gain recognised in Other Comprehensive Income	(104)	(132)
	—	—

Movement in deficit during year

Unrecognised surplus/(recognised deficit) in scheme at 1 August	-	-
Movement in year:		
Employer service cost (net of employee contributions)	(404)	(352)
Employer contributions	410	396
Past service costs	-	-
Net return on assets	98	88
Actuarial gain	(104)	(132)
	—	—

Recognised surplus in scheme at 31 July

2025
£'000

2024
£'000

Asset and Liability Reconciliation

Reconciliation of Liabilities

Liabilities at start of year	8,975	8,038
Current service cost	404	352
Interest cost	451	413
Employee contributions	134	124
Actuarial loss/(gain)	(1,147)	186
Benefits paid	(192)	(138)
	—	—
Liabilities at end of year	8,625	8,975
	—	—

Reconciliation of Assets

Assets at start of year	10,875	9,709
Expected return on assets less interest	(8)	283
Other actuarial gains	-	-
Actuarial gain	549	501
Employer contributions	410	396
Employee contributions	134	124
Benefits paid	(192)	(138)
	—	—
£11,768		£10,875
	—	—

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, announced in October. The 2023 Pensions Increase Order rate was 10.1% and was considerably higher than the CPI assumption set by employers as at 31 July 2023. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted.

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by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2024 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2024 Pension Increase Order within the CPI assumption.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

The Governors will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the College.

The estimated value of employer contributions for the year ending 31 July 2026 is £431,000.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion.

As a result of the valuation, based on 2020 data, employer contribution rates were increased to 28.6% of pensionable pay from April 2024 onwards (compared to 23.6% during 2022/23). Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration costs. The DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2024/25 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The next valuation, based on 2024 data, is expected to take effect in 2027.

The pension costs paid to TPS in the year amounted to £ (2024: £1,100,000).

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19 CAPITAL COMMITMENTS

	2025 £'000	2024 £'000
Commitments contracted for at 31 July	£46 ====	£- ====

20 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Members of Corporation (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Members' interests are disclosed in the Register of interests. One member's partner was employed by the College during the year and received remuneration of £32,954 (2024: £20,735).

The total expenses paid to or on behalf of the Governors during the year was £nil (2024: £54). No Governor has received any remuneration or waived payments from the College during the year (2024: None). Governors' Liability Insurance is provided within the College's general insurance policy.

21 AMOUNTS DISBURSED AS AGENT

	2025 £'000	2024 £'000
Funding body grants	204	209
Disbursed to students	(200)	(223)
Balance unspent at 31 July	£4 =	£(14) =

The College distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting period ended 31 July 2025, the College received £204,000 (2023-24: £209,000) and disbursed £200,000 (2023-24: £223,000) after charging for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £108,000 of which £nil relates to funds that are in scope to be returned to DfE in March 2026.