

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

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**EXMOUTH COMMUNITY COLLEGE
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees and Members Jill Elson, Chair^{3,4,6}
Lesley Miszewska, Vice chair^{1,2,4,6}
Tony Alexander, Principal^{1,2,3,4,5,6}
Clare Babbage^{2,4,6}
Louise Boud (resigned 8 April 2016)^{1,2}
Samantha Collett^{2,3}
Ray Davison^{1,4,6}
Vivien Duval-Steer^{3,5}
Lyn Edwardson (appointed 1 January 2016)³
Andrew Gelling^{1,2,3,4}
Pat Graham (resigned 5 July 2016)^{1,2,3,5}
Ann Grange²
Kim Johnson^{1,2,5}
Ruth Jones³
Roger Lawrence^{1,4}
Ian MacQueen (appointed 16 September 2015)^{1,4}
Clair McColl (appointed 1 December 2015)^{2,4}
Robert Mitchell^{1,3,4,6}
Marianne Skinner (appointed 1 September 2015)^{1,2}
Anna Stimson (appointed 1 July 2016)
Margaret Turgoose^{1,2}
Philip Wales (appointed 5 July 2016)
David Wright (resigned 31 December 2015)^{3,4}

- ¹ Human Resources Committee
- ² Curriculum Committee
- ³ Premises Committee
- ⁴ Finance Committee
- ⁵ Audit Sub Committee
- ⁶ Value for Money Sub Committee

**Company registered
number**

07554085

Company name

Exmouth Community College

**Principal and Registered
office**

Gipsy Lane
Exmouth
Devon
EX8 3AF

Company secretary

Kim Dearsly

Accounting Officer

Tony Alexander

**Senior management
team**

Mr A Alexander, Principal
Mr G Allen, Deputy Principal
Mr D Turner, Deputy Principal
Mrs K Dearsly, Director of Finance and Resources
Miss L Bowles, Assistant Principal
Miss H Miles, Assistant Principal
Mrs A Michael, Assistant Principal
Mr S Tanner, Assistant Principal
Miss S Walker, Assistant Principal

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Advisers (continued)

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers Lloyds Bank
22 The Strand
Exmouth
Devon
EX8 1AG

Solicitors Browne Jacobson
1 Manor Court
Dix's Field
Exeter
Devon
EX1 1UP

**EXMOUTH COMMUNITY COLLEGE
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in a catchment area in Exmouth. It has a pupil capacity of 2,418 and had a roll of 2,391 in the school census on 25 September 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Exmouth Community College are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers' indemnity element from the overall cost of the RPA scheme.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy's Board of Trustees comprises the Principal, a minimum of 2 Parent Trustees, up to 1 LA Trustee, up to 5 Staff Trustees (providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 12 other Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Each governor is paired with a mentor and their induction is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies. We reviewed our approach to mentoring this year and produced a standard set of guidelines for mentors to use, to ensure a consistent approach.

There is a Trustees' day organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the

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**TRUSTEES' REPORT (continued)
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governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports from its Committees for ratification and monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 8 committees as follows;

- **Finance Committee** - meets six times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of a value for money sub-committee.
- **Curriculum Committee** - meets twice a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- **Admissions Committee** - meets twice a year to deal with all matters relating to admissions.
- **Premises Committee** - meets at least once a term to ensure the efficient management of the premises and grounds of the College within the requirements of legislation, Trustees' policies and the management plan.
- **Human Resources Committee** - meets at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to staffing, pay and employment issues, and to ensure compliance with employment legislation and relevant local agreements.
- **Audit Committee** - meets three times a year to provide the Board of Governors with the necessary assurances and quality control.
- **Pay Committee** - meets once a year to approve teachers' salaries following recommendations from the Principal/ Senior Leadership Team, on whether to award performance pay in line with the College's policy.
- **Pay Appeals Committee** - to hear an appeal against any decision made by the Principal or any other committee of the governing board in accordance with the College's Pay Policy.
- **Risk Management** - meets three times a year to identify and manage financial and operational risk.
- **Principal's Performance Management Group** - meets three times each year to undertake the Principal's appraisal.
- **Other committees** such as the First Committee (staff discipline) and the Complaints Committee meet as and when required.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the College Development Plan, Strategic Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Principal and Senior Leadership Team (SLT). The SLT comprises the Principal, Deputy Principals, Assistant Principals, Director of Finance and Resources and when appropriate Heads of Departments and the Business Manager. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The pay and conditions of service for the Principal, the SMT and the Director of Finance will be in accord with the regulations applied to the National Negotiated Terms by the School Teachers' Review Body (STRB) outlined in the School Teachers' Pay and Conditions Document (STPCD) and terms agreed by Local Education Authorities

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for teachers and support staff who form the management team.

The performance and pay of the Principal is monitored and evaluated annually by the Principal Appraisal and Pay Review (PAPR) committee which is elected by the Governors.

The senior leadership team are appraised and rewarded following National and Local Authority Guidelines.

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the financial statements.

The pay of key management personnel is reviewed annually and normally increased in accordance with national pay increases.

The Trustees benchmark against pay levels in other Academies of a similar size.

Connected Organisations, including Related Party Relationships

Leisure East Devon has use of the Academy's leisure facilities and there is a shared use agreement between them and the Academy. ECC are currently working with Withycombe RFC on a c. £1.5m fundraising project for a 3G astro turf, athletics concept and changing rooms.

The Academy has strong collaborative links with 14 feeder primary schools which form part of the Exmouth Learning Community.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objective and activity of the Charitable Company is the operation of Exmouth Community College to provide free education and care for pupils of different abilities between the ages of 11 and 18.

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standards of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Exmouth Community College's vision is:-

Our Vision is to create a stimulating, enjoyable and structured learning environment, where success is rewarded and all students and staff can thrive. We want students, staff, parents / carers and the entire Exmouth Community to be proud of their College; for students to make us their first choice for education and, for staff, their preferred place to work.

In order to achieve this, we will:

- * offer a broad, inclusive curriculum which enriches students' education and provides them with the opportunity to discover, develop and achieve their potential, whether academic, sporting, cultural or aesthetic;

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- prepare them for the next stage of their life; be it work or further education;
- provide a safe, secure, environment in which students develop consideration for others, self-discipline and positive relationships;
- strive continuously to establish the best possible site and resources;
- provide excellent teaching and learning from teachers and staff who relish the opportunity to work in our College, because they feel inspired, valued and supported to do the best they can for their students;
- engage with parents and carers, using effective communication channels to ensure that they are: well informed, able to support their child's education and have the means to raise any concerns they may have;
- build and maintain links with the wider community to enable them to support the College across a range of activities.

At Exmouth Community College we aim to get the best for, and from, each student. We intend to enable each student to realise his or her full academic, aesthetic, cultural and physical potential and to develop positive spiritual, social and moral values. Our Academy is a community in which students, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its statement of intent which is "Governors will establish, maintain, manage and develop a school as an academy, with a comprehensive ethos offering a broad and balanced curriculum."

Key priorities for the year are contained in our College Development Plan which is available from the Deputy Principal's Office. Improvement focuses for 2016/2017 include:

- Improve outcomes disadvantaged students (Closing the Gap)
- Improve attainment and progress in Ebacc subjects (Science, Geography, History & French)
- Ensure effective vocational provision at Post 16 with improved recruitment, retention and outcomes
- Maintain the high quality of teaching in the light of significant curriculum change
- Ensure response from students to feedback given
- Ensure consistency of appraisal to secure further improvements in teaching
- Consolidate key Auditory Processing principles across the College
- Meet or exceed the Devon Average for attendance by July 2017
- Build capacity for the future by investigating in long term accommodation needs and solutions

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

"The Academy receives the majority of its students from its 14 feeder primary schools, St Josephs, Exeter Road, Brixington, Littleham, Woodbury, Drakes, Otterton, Marpool, St Peters, Bassetts Farm, Lypmstone, Withycombe, Woodbury Salterton and the Beacon school. Students are admitted to ECC via its Admissions policy.

The College hires out its premises including its sports facilities and halls to many local organisations within the

**TRUSTEES' REPORT (continued)
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six parishes.

STRATEGIC REPORT

During the year and continuing into 2016 the Governors are investigating the possibility of becoming a Multi Academy Trust and considering how this might benefit the College and our students.

Achievements and Performance

The Academy has, in agreement with Devon County Council agreed to admit 390 students each year from September 2015.

A2 results remained strong especially in the context of huge amounts of turbulence. 68% of students were successful in gaining A* - C grades and 98% achieved A – E grades. Many of the courses were following a new syllabus and marking boundaries have been tightened considerably meaning our results were extremely positive.

The Academy GCSE results in August 2016 saw the College achieve +0.02 (Progress 8), 59% 5 A*-C including English and Maths with 79% achieving expected progress in English and 80% achieving expected progress in Maths (Key Stage 2 to 4). In addition 67% of students achieved C or above in both Maths and English.

To ensure that examination results continue to improve, the Academy: operates a programme of observation of lessons; is visited by inspectors; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value.

Exmouth Community College offers a broad and balanced curriculum as set out in the 'Exmouth Curriculum' document which is presented to Governors in May each year. This provides the breakdown of subjects and courses available to students. The 2016/2017 Curriculum has been designed to ensure it reflects the requirements of the new National Curriculum (which started in September 2014), the new GCSEs in English and Mathematics (started in September 2015) and reformed GCSE in additional subjects (starting September 2016) The curriculum is also clearly differentiated and shows the provision for the most able and those with additional needs.

Continuing professional development for all staff has been very successful:-

- All new and current staff attended Safeguarding training either during the first 2 non contact days in September or on subsequent new staff inductions
- Teaching staff have received training on the curriculum and new specification GCSEs and A Levels within their subject areas
- Rolling programme of Emergency First Aid at Work training continues, with (32) members of staff undertaking a 1 day course provided by Edson Tiger
- Safer Recruitment Refresher and Child Protection Refresher training has been undertaken by members of SLT and Governors as required
- In-house training given to teach colleagues to enhance their coaching and mentoring skills for PGCE students, NQTs and new members of staff
- Diverse range of training courses attended by staff including; Speech & Language Support for 11 -16s, Diabetes in Schools, Shanghai Maths Research Project, Raising Literacy Standards, The Power of Reading for Pleasure, Gender Identity Crisis, Sensory Autism Difficulties, Summer Moorlands Camping/Walking Leader, Outdoor First Aid, The Energy Mix, Brave New World
- Premises team continue to update their Health & Safety training requirements, including Asbestos Awareness and Legionella Awareness
- TA staff attended Sounds Write training
- 9 x TAs attended Moving & Handling of Children with Physical Difficulties
- 4 x members of support staff have taken the opportunity of undertaking an NVQ
- 4 x nursery staff have attended a Working with Babies course
- HR members have attended seminars such as; School Workforce Census, Generation Game
- Managing Performance and Capability, Levy and Government Apprenticeships Target
- Technology Department are keeping relevant training up to date on various pieces of machinery
- Information shared with all staff to include the PREVENT Duty Presentation, Epipen Training Video and

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- Lifesaver App
- 8 x members of staff, and 3 x casual members of staff, refreshed/obtained their minibus driving certification
- An inset training day was arranged for 23 members of staff (including Pastoral Team) to undertake an Introduction into Mental Health delivered by Young Devon
- Overall feedback taken from training evaluation forms received (based on 83 forms received);

Content	Delivery	Value for Money
Outstanding (41-47%)	Outstanding (41-47%)	Excellent (69-78%)
Good (44-50%)	Good (45-51%)	Satisfactory (13-15%)
Needs Improvement (3-3%)	Needs Improvement (2-2%)	Poor (0)
Cause for Concern (0)	Cause for Concern (0)	No Applicable (6-7%)

During the year the Academy received the following income as a result of successful grant applications made in 2015/16:-

- £800,000 in respect of a contribution towards Capital building works from the Local Authority.
- £12,000 in respect of a contribution towards jump pits from East Devon District Council.
- £5,500 in respect of a contribution towards the WW1 memorial project from the National Lottery.
- The College received £20,000 contributions from a local individual to fund a post to support the NEET project (to support young people not in education or employment).
- We were successfully awarded condition improvement funding £674,854 to refurbish roofs and windows on the Gipsy Lane site.
- Received Condition improvement funding in respect of replacement of roof and windows to the languages quad including internal redecoration and provision of new boys' toilets to a value of £784,339.

The College was also advised of £150,000 contribution from the local Authority towards playing field development subject to match funding.

The College has been awarded funding as part of the Priority Schools Building Programme 2 grant funding round in order to refurbish and rebuild the Humanities block detailed feasibility studies will be taking place early in 2017. This funding will be managed by the EFA, however the College is looking to deliver this project locally and negotiations are currently taking place on this matter.

The College continue to be part of an area partnership working closely with Honiton Community College, Axe Valley Community College and Colyton Grammar School to deliver it aims.

The College were delighted to receive a visit from the National Audit Office who wished to understand the successes of securing a cocktail of funding from various external sources to deliver capital projects. The findings from the visit will be shared amongst funding agencies about how best to work in partnership with Academies to achieve better financial efficiencies by joining up funding streams.

The College has been advised of future funding as part of the Priority Schools Building Programme 2 grant funding in order to replace / refurbish the Humanities block and understand that detailed feasibility studies will be taking place in 2017.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention in the period under review. £1,700,768 was carried forward representing 15.1% of GAG.

As funding is based on Pupil numbers this is also a key performance indicator. Pupil numbers for 2016 were

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2391 a decrease of 56 over 2015. The College is aware of falling demographics in the medium term and are planning for this financially however, from 2019/20 onwards pupil numbers are set to rise significantly. This projection is supported by the local authority admission numbers in the local primary schools.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2016 this was 94.3% compared to 92.7% in 2015.

The following KPI's were set at the start of the year:-

Number of good and outstanding audit reports as a percentage of visits – 100%

Pupil teacher ratio (KD) - 14.40

Percentage of staffing costs to GAG income - 93%

Percentage of staffing costs to Total Income - 71%

Quality of lessons as a percentage reviewed internally meeting the following criteria:-

- Outstanding – 60.4%
- Good – Outstanding - 14.5%
- Good – 24.3%
- Good – Requires Improvement - 0.4%
- Requires improvement – 0.4%

Attendance - 94.4%

% of boys and girls meeting or exceeding expected levels of progress:-

Boys meeting expected progress in Maths 80%

Boys meeting expected progress in English 72%

Girls meeting expected progress in Maths 80%

Girls meeting expected progress in English 85%

Number of fixed term exclusions - The FTE number of incidents is 177 (379 days equivalent).

Here are the KPI figures for 2016 as a comparison to last year:-

5 A*-C at GCSE - 61% for 2016 compared to 63% for 2015

5 A*-C including English and Maths - 59% for 2016 compared to 55% for 2015

The table below shows a comparison of achievement this year comparing boys, girls and disadvantaged pupils.

Year 11	Cohort	Progress 8 score	Attainment 8 score	% A* - C in English and Maths	% A* - C English	% A* - C Maths	% Enterin g EBAC C	% (of those who entered) Achievin g EBACC
All Pupils	422	0.02	46.38	67	73	77	18	12
Boys	210	-0.11	45.65	62	65	77	15	22
Girls	212	0.14	47.08	72	81	76	9	15
Disadvantage d pupils	59	-0.15	33	34	42	44	7	5

Pupil/parent survey results - Parents gave an excellent overall performance score of 82.1% (80.8% in 2012). There is no significant difference between parents of FSM+6 students and non FSM+6 parents. 96.5% of parents said they would recommend the school to another parent.

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10 academic and 25 non-academic areas have shown an increase in scores since 2012. 2 areas have decreased, but not significantly. In the OFSTED categories all areas were rated as 'Good' and among many 'outstanding gradings' it was particularly pleasing to see the following:

Regular marking of work
Effectiveness of Sixth Form provision
Developing moral values
School's image in the community
School discipline

Areas for consideration

In comparison to similar schools the scores in almost all areas were on or above the average. The area that showed a dip was in Careers advice for KS4 (however a large percentage of parents also said they had 'No opinion – 42%) and the only area where we did less well than similar schools was in response to the question "school encourages healthy lifestyle through diet".

	Target	Actual
Student attendance %	95%	94.4%
Exam success for 5 A*- C at GCSE and 5 A*-C inc Eng and Maths (GCSE)	None set	61%
Exam success for 5 A*-C inc Eng and Maths (GCSE)	None set	59%
Financial reports are submitted to all Finance committees one week prior to the meeting	Yes	Yes
Finance Committee receive regular updates in line with best yields	All investment transactions to be shared with Chair of Finance and Accounting Officer	Yes
RO reports achieve a GOOD/HIGH standard	Yes	Yes

Going Concern

After making appropriate enquiries, the Board of trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016 (excluding fixed asset and pension reserves), the academy received total income of £13,130,586 and incurred total expenditure of £13,121,854. The excess of expenditure over income (and after a £77,150 transfer to restricted fixed asset funds) for the year (excluding fixed asset and pension reserves) was £68,418.

At 31 August 2016 the net book value of fixed assets was £26,847,035 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and

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the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31st August, 2013 at £25,504,993. Subsequent additions have been reported at cost. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to be updated to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, Managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings; Fraud; Bribery; Gifts and Hospitality; Business Continuity and Risk Management.

The Trustees have appointed a Responsible Officer to undertake a programme of internal checks on the financial controls. During the year, the Trustees received two internal audit visits from the Responsible Officer which contained no matters of significance.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately £3,000,000. The primary reason for this is to provide sufficient working capital to cover the fall in pupil numbers over the next three years and to protect staffing levels in the short term thus avoiding the need to incur redundancy costs. Total reserves of the academy amount to £23,507,590, although £20,279,768 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £3,227,822 (representing unrestricted funds and £1,700,768 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy. This represents 3.1 months of normal recurring expenditure.

The Trustees have reviewed the future plans of the Academy and have set the planned level of reserves to cover the fall in pupil numbers over the next three years and to protect staffing levels in the short term.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Principal and Finance Director within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 92% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees approach to risk management has been subject to review in 2015/16 by two external agencies. Firstly as part of the Department for Education (DfE) annual programme of risk review of academies the College was visited by Willis Risk Management in November 2015 to review and assess the risks of the Academy. The College was delighted to have achieved an overall rating of 'Blue' (fully complies with DfE standards/guidelines, where applicable and no major improvement recommendations were required). Secondly, the risk register was reviewed by the responsible officer undertaken by Devon Audit Partnership, a service procured via Devon County Council. A recent review undertaken by this organisation provided a 'High Standard' in respect of the level of assurance provided. The audit report made the following comment "comprehensive strategies and procedures are in place in relation to the key risks that the Academy faces" furthermore "the risk management procedures in place at the academy continue to be robust and comprehensive".

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

Risks to revenue funding from a falling roll are high in the medium term, this is a result in local demographics, the freeze on the governments overall education budget, phased reductions to ESG, changes to funding

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

arrangements for special education needs, the introduction of the national living wage, increasing employment and premises costs mean that budgets will be an increasing concern. In addition to all of the above is the uncertainty of changes planned to the funding formula as a consequence of the current consultation. This makes financial planning in the medium and longer term very difficult. The College has in place robust containment plans to address the medium term fall in pupil numbers and reduction in education funding which must be robustly delivered by the Accounting Officer and the Senior Management Team all of whom receive regular financial updates on the financial performance of the College. In addition the Trustees have adopted a stringent approach to accumulating reserves whilst balancing the educational needs of the students currently on roll. The issues of containment plans and demographics have been shared with the external assurance team at the EFA in December 2015 and June 2016 by way of regular updates. The EFA appear satisfied with the reports and containment plans presented as there have been no issues or concerns raised by their teams. In the longer term the pupil numbers are set to rise by demographics and housing growth, however budget forecasts are based on known demographics and not any assumed housing growth until the planning permissions granted have actually commenced being built.

The Trustees will actively review the financial performance against the proposed budget containment plans which they expect the management team to deliver.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Staff Consultation and Disability for Employees

With regard to staff consultation the Governing Board has worked tirelessly to ensure that staff of the Academy are consulted at all times on fundamental issues impacting upon their employment and condition of service. To this end the Board worked jointly with staff and their representatives to prepare a 'Statement of Intent' which cover all such aspects.

Disability

The governing board is committed to the elimination of discrimination and equal treatment in employment. This applies to all stages of employment including recruitment, selection, learning and training, pay, working relationships, carer development, redundancy and retirement. This commitment is clearly demonstrated and referred to in the many of the Academy Trust policies. No one will unlawfully be disadvantaged on the grounds of age, race or ethnicity, disability, gender and marital status, gender identity, sexual orientation, religion or belief under the operation of this policy.

TRUSTEES INDEMNITIES

There were no third party indemnity provisions during the year or at the date of approval of the Trustees' report.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Following the notification of a successful capital funding bid, the Academy will commence replacement roof and window programme on the Gipsy Lane site. The Board of Trustees plans to contribute £45,000 towards this project which is expected to be completed by November 2016.

The College is working to address future known basic need requirements, as identified by Devon County Council. Work has already commenced and been completed on phase 1 of the 10 year strategic development plans. Phase 2 of the plan has already commenced with the local authority identifying an additional £47,000 to fund advance design fees. The College is currently in discussions with the Local Authority to ensure that the College identifies site accommodation needs in order to accommodate the additional pupil numbers; this will be funded via basic needs funding. Opportunities are also being explored with joining up the future Priority Schools Funding Programme 2 funding stream with Local Authority funding in order to secure better value for money in terms of delivering the capital projects planned on site in the future.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of trustees, as company directors, on 6 December 2016 and signed on the board's behalf by:



**Jill Elson
Chair of Trustees**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Exmouth Community College has an effective and appropriate system of control, financial and otherwise. 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 Board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Exmouth Community College and the Secretary of State for Education. They are also responsible for reporting to the Board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Jill Elson, Chair (from 16 September 2015)	7	7
Lesley Miszewska, Vice chair	6	7
Tony Alexander, Principal and Accounting Officer	7	7
Clare Babbage	7	7
Louise Boud	2	4
Samantha Collett	5	7
Ray Davison	5	7
Vivien Duval-Steer	7	7
Lyn Edwardson	4	4
Andrew Gelling	7	7
Pat Graham	6	7
Ann Grange	5	7
Kim Johnson	5	7
Ruth Jones	7	7
Roger Lawrence	6	7
Ian MacQueen	3	6
Clair McColl	5	5
Robert Mitchell	7	7
Marianne Skinner	5	7
Anna Stimson	0	1
Margaret Turgoose	5	7
Philip Wales	1	1
David Wright	3	3

This year saw the retirement of Pat Graham, Community Governor after 12 years of service.

David Wright's term, as staff governor, came to an end and Lyn Edwardson was appointed. Margaret Turgoose transferred from a parent governor to a community governor. Louise Boud resigned as Parent Governor and Anna Stimson and Philip Wales were elected as parent governors.

The Governing Board reviews its processes and impact, as a Governing Board, on an ongoing basis. Specifically, this year the following were undertaken:

1. As part of the annual audit of our Financial Systems, Devon Audit stated:-

"Governance within the Academy continues to be very well managed and demonstrated – it remains clearly evident that Governors, Senior Management and Finance staff alike are extremely dedicated and have spent considerable time and effort in supporting the College during its formative years of being an Academy.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The first key financial systems visit of 2014 -15 reviewed the Governing Body framework as well as the scheme of delegation which encompasses the governance structure and Finance Policy, which sets out the financial framework of the Academy. It is very pleasing to note that recommendations in from the previous review in this area which took place in January 2014 have been promptly actioned.

Governors' minutes reviewed are considered very good quality and clearly record Governor business and decision-making, this is much to the credit of the Academy and in particular to the Clerk to Governors."

and judged this to be of a "high standard" with no recommendations for action.

2. We review the skills of the Governing Board on an ongoing basis, based on the skills audit (recommended by the National Association of Governors) undertaken in 2015. This informs plans for training to be undertaken by individuals. It also inputs to discussions about where there might be skills gaps and therefore how, when looking for new Governors, we might attempt to fill these. We expect there to be Governor vacancies this year and for Community Governors we will specifically seek to fill the gaps we have identified

3. The Governing Board review and input to the College's Self Evaluation document. This includes Governance as part of Leadership and Management.

Key actions taken by the Board this year have been:

1. Monitoring and evaluating the containment plan put in place to protect the financial position of the College during the years when, due to demographics, the numbers of students will fall.
2. To succession plan for changes to membership of the Board and the Senior Leadership Team.
3. Supporting the work to bid for grants to replace outdated buildings and plan to increase capacity for when student numbers increase (2019 onwards).
4. Discussing and agreeing the plans in place to embed the new curriculum and the implementation of changes to exam structure and Progress 8.

The Finance Committee is a sub-committee of the main Board of trustees with delegated executive powers.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Clare Babbage, Chair	4	4
Ruth Jones, Vice Chair	2	4
Tony Alexander, Principal	4	4
Ray Davison	4	4
Lesley Miszewska	4	4
Roger Lawrence	3	4
Jill Elson	3	4
Ian Macqueen	1	4
Clair McColl	2	2
Robert Mitchell	4	4
David Wright	4	4
Vivien Duval-Steer	3	4
Andrew Gelling	4	4

The Audit Committee is also a sub-committee of the main Board of trustees. Its purpose is to provide the Board of Governors with the necessary assurances and quality control.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Vivien Duval-Steer, Chair	3	3
Kim Johnson, Vice Chair	1	3
Tony Alexander, Principal	1	3
Pat Graham	3	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Robust financial governance and budget management by reducing in year budget deficit.
- Active and regular review of budget containment plans
- Value for money purchasing.
- Reviewing controls and managing risk.
- Not allocating time/resources to areas where few improvements can be achieved.
- Making comparisons with similar Academies using data provided by the EFA and the Government and Kreston benchmarking reports.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively.
- Reviewing team structures.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.
- Working in partnership to secure capital funding both from the EFA and the Local Authority to join up two capital projects to secure better value from money through using one procurement root.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Exmouth Community College for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information

GOVERNANCE STATEMENT (continued)

and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees.
- Provision on monthly management accounts which are scrutinised by the Chair of the Finance Committee.
- Regular review of the medium and longer term financial forecasts.
- Regular scrutiny of financial KPIs
- Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Clearly defined purchasing (assets purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks
- Robust scrutiny by the responsible officer.

The Board of trustees has considered the need for a specific internal audit function and has decided to appoint Devon Audit Partnership to undertake the Responsible Officer role.

The responsible officer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a semi-annual basis, the responsible officer reports to the Board of trustees on the operation of the systems of control and on the discharge of the Board of trustees' financial responsibilities.

Visit 1 - March 2016

Governance, Accounting & Financial Control	High Standard
Internal Financial Control – Income	High Standard
Internal Financial Control - Salaries, Wages & Expenses	High Standard
Internal Financial Control - Contracts & Tendering	Good Standard
Internal Financial Control – Assets	High Standard
Internal Financial Control – Investments	High Standard

Visit 2 – July 2016

Risk Management	High Standard
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The weakness identified in contracts and tendering related to one small element of a project whereby the task was handed to another team member halfway through its completion and a pragmatic approach was required to ensure completion of the works during the summer holidays, the supplier selected to complete the works consistently achieved best value on all other quotes obtained on other similar projects. The external auditors were content with the explanation offered.

On a semi-annual basis the reviewer reports to the Board of Trustees, through the Audit Committee/Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The Accounting Officer is pleased by the high standards of internal control achieved.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of trustees on 6 December 2016 and signed on their behalf, by:



Jill Elson
Chair of Trustees



Tony Alexander
Accounting Officer

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Exmouth Community College I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

**Tony Alexander
Accounting Officer**

A handwritten signature in black ink, consisting of stylized initials 'TA' followed by a long horizontal stroke.

Date: 6 December 2016

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of Exmouth Community College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of trustees and signed on its behalf by:



**Jill Elson
Chair of Trustees**

Date: 6 December 2016

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
EXMOUTH COMMUNITY COLLEGE**

We have audited the financial statements of Exmouth Community College for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
EXMOUTH COMMUNITY COLLEGE**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Tim Borton FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date:

16 December 2016

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EXMOUTH
COMMUNITY COLLEGE AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Exmouth Community College during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF EXMOUTH COMMUNITY COLLEGE'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Exmouth Community College's funding agreement with the Secretary of State for Education dated 1 April 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this 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 Academies Accounts Direction 2015 to 2016. 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 year 1 September 2015 to 31 August 2016 have not been applied to 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 Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined 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 Academy's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

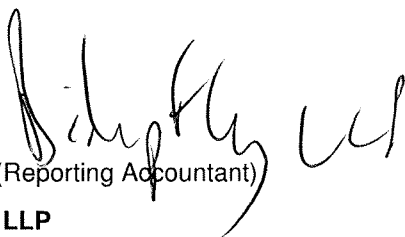
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EXMOUTH
COMMUNITY COLLEGE AND THE EDUCATION FUNDING AGENCY (continued)**

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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Tim Borton FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date:

14 December 2016

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	735	39,068	1,569,557	1,609,360	2,597,274
Charitable activities	5	1,024,341	11,959,177	-	12,983,518	12,898,483
Other trading activities	3	72,167	-	-	72,167	78,998
Investments	4	35,098	-	-	35,098	32,097
TOTAL INCOME		1,132,341	11,998,245	1,569,557	14,700,143	15,606,852
EXPENDITURE ON:						
Charitable activities		1,018,666	12,481,188	1,175,345	14,675,199	14,575,161
TOTAL EXPENDITURE	6	1,018,666	12,481,188	1,175,345	14,675,199	14,575,161
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	113,675	(482,943)	394,212	24,944	1,031,691
		-	(77,150)	77,150	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		113,675	(560,093)	471,362	24,944	1,031,691
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(3,064,000)	-	(3,064,000)	33,000
NET MOVEMENT IN FUNDS		113,675	(3,624,093)	471,362	(3,039,056)	1,064,691
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,413,379	(2,129,502)	27,262,769	26,546,646	25,481,955
TOTAL FUNDS CARRIED FORWARD		1,527,054	(5,753,595)	27,734,131	23,507,590	26,546,646

The notes on pages 29 to 51 form part of these financial statements.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07554085

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		26,847,035		25,624,082
CURRENT ASSETS					
Stocks	14	7,067		7,695	
Debtors	15	1,300,524		1,714,624	
Investments	16	2,900,000		3,300,000	
Cash at bank and in hand		779,970		953,390	
			<u>4,987,561</u>	<u>5,975,709</u>	
CREDITORS: amounts falling due within one year	17	(795,006)		(963,145)	
NET CURRENT ASSETS			<u>4,192,555</u>		<u>5,012,564</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,039,590</u>		<u>30,636,646</u>
Defined benefit pension scheme liability	23		<u>(7,532,000)</u>		<u>(4,090,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>23,507,590</u></u>		<u><u>26,546,646</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	18	1,778,405		1,960,498	
Fixed asset funds	18	27,734,131		27,262,769	
			<u>29,512,536</u>	<u>29,223,267</u>	
Restricted funds excluding pension liability					
Pension reserve		(7,532,000)		(4,090,000)	
			<u>21,980,536</u>		<u>25,133,267</u>
Total restricted funds					
Unrestricted income funds	18		<u>1,527,054</u>		<u>1,413,379</u>
TOTAL FUNDS			<u><u>23,507,590</u></u>		<u><u>26,546,646</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:



Jill Elson
Chair of Trustees

The notes on pages 29 to 51 form part of these financial statements.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>220,222</u>	<u>(874,430)</u>
Cash flows from investing activities:			
Interest receivable		35,098	32,097
Purchase of tangible fixed assets		(2,398,297)	(942,509)
Capital funding received from sponsors and others		<u>1,569,557</u>	<u>2,493,592</u>
Net cash (used in)/provided by investing activities		<u>(793,642)</u>	<u>1,583,180</u>
Change in cash and cash equivalents in the year		(573,420)	708,750
Cash and cash equivalents brought forward		<u>4,253,390</u>	<u>3,544,640</u>
Cash and cash equivalents carried forward	21	<u><u>3,679,970</u></u>	<u><u>4,253,390</u></u>

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2015 (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Exmouth Community College constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Exmouth Community College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Exmouth Community College for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to the FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 30.

1.2 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funders and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable Activities are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

On conversion the academy/academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line
Fixtures, Furniture and Equipment-	-	20% straight line
Computer equipment	-	33% straight line
Leasehold land	-	over length of lease

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.7 INVESTMENTS

Current asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date.

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.10 TAXATION

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

1.11 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.12 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.13 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.14 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.15 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses and details of the carrying amount at the end of the reporting period is set out in the notes to the financial statements.

1.16 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	735	39,068	-	39,803	84,390
Other capital grants	-	-	-	-	112,500
Government capital grants	-	-	1,569,557	1,569,557	2,400,384
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	735	39,068	1,569,557	1,609,360	2,597,274
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £3,249 was to unrestricted funds and £2,594,025 was to restricted funds.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	72,167	-	72,167	78,998

In 2015 the total income from other trading activities of £78,998 was unrestricted.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	35,098	-	35,098	32,097

In 2015 the total investment income of £32,097 was unrestricted.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Education	880,571	11,959,177	12,839,748	12,757,254
Nursery	143,770	-	143,770	141,229
	<u>1,024,341</u>	<u>11,959,177</u>	<u>12,983,518</u>	<u>12,898,483</u>

In 2015, of the total income from charitable activities, £706,634 was to unrestricted funds and £12,191,849 was to restricted funds.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	11,242,066	11,242,066	11,102,093
Other DfE/EFA grants	-	553,813	553,813	566,681
	<u>-</u>	<u>11,795,879</u>	<u>11,795,879</u>	<u>11,668,774</u>
Other government grants				
High Needs	-	88,297	88,297	110,746
Other government grants non capital	-	57,022	57,022	67,529
Income for hosting trainee teachers	-	11,981	11,981	8,475
	<u>-</u>	<u>157,300</u>	<u>157,300</u>	<u>186,750</u>
Other income from the academy trust's educational operations				
Internal catering income	499,745	-	499,745	479,195
Sales to students	3,222	-	3,222	8,656
Other curriculum income	377,604	5,998	383,602	413,879
	<u>880,571</u>	<u>5,998</u>	<u>886,569</u>	<u>901,730</u>
	<u>880,571</u>	<u>11,959,177</u>	<u>12,839,748</u>	<u>12,757,254</u>

In 2015, of the total income from charitable activities, £901,730 was to unrestricted funds and £11,855,524 was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	8,387,911	905,196	1,451,484	10,744,591	10,641,407
Support costs	2,096,522	956,304	727,905	3,780,731	3,805,367
Nursery:					
Direct costs	121,433	-	-	121,433	117,801
Support costs	-	5,125	23,319	28,444	10,586
	<u>10,605,866</u>	<u>1,866,625</u>	<u>2,202,708</u>	<u>14,675,199</u>	<u>14,575,161</u>

In 2016, of the total expenditure, £1,018,666 (2015: £985,368) was to unrestricted funds and £13,278,533 (2015: £13,589,793) was to restricted funds.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. DIRECT COSTS

	Education	Nursery	Total	Total
	£	£	2016	2015
			£	£
Pension finance costs	158,000	-	158,000	151,000
Educational supplies	594,728	-	594,728	635,662
Examination fees	205,017	-	205,017	213,919
Staff development	19,691	-	19,691	18,228
Other costs	435,691	-	435,691	468,199
Supply teachers	38,357	-	38,357	76,252
Wages and salaries	6,599,835	103,578	6,703,413	6,618,343
National insurance	568,318	5,416	573,734	505,711
Pension cost	1,219,758	12,439	1,232,197	1,067,798
Depreciation	905,196	-	905,196	1,004,096
	<u>10,744,591</u>	<u>121,433</u>	<u>10,866,024</u>	<u>10,759,208</u>

8. SUPPORT COSTS

	Education	Nursery	Total	Total
	£	£	2016	2015
			£	£
Educational supplies	1,197	23,319	24,516	6,960
Recruitment and support	12,077	-	12,077	14,419
Maintenance of premises and equipment	166,862	-	166,862	117,358
Cleaning	248,374	-	248,374	251,946
Rent and rates	105,532	5,125	110,657	120,826
Energy costs	198,067	-	198,067	192,667
Insurance	63,665	-	63,665	88,132
Security and transport	79,951	-	79,951	72,886
Catering	292,526	-	292,526	296,667
Technology costs	64,494	-	64,494	85,815
Office overheads	154,747	-	154,747	125,040
Legal and professional	34,633	-	34,633	40,691
Bank interest and charges	1,077	-	1,077	1,099
(Profit) / Loss on disposal of fixed assets	-	-	-	2,380
Governance	28,663	-	28,663	32,745
Wages and salaries	1,778,643	-	1,778,643	1,802,865
National insurance	76,103	-	76,103	67,084
Pension cost	241,776	-	241,776	231,576
Depreciation	232,344	-	232,344	264,797
	<u>3,780,731</u>	<u>28,444</u>	<u>3,809,175</u>	<u>3,815,953</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	1,137,540	1,268,891
Auditors' remuneration - audit	8,750	8,750
Auditors' remuneration - other services	2,617	6,005
Operating lease rentals	149,541	140,861
Loss on disposal of fixed assets	-	2,380
	=====	=====

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	8,443,699	8,329,956
Social security costs	649,837	572,795
Operating costs of defined benefit pension schemes	1,473,973	1,299,374
	<u>10,567,509</u>	<u>10,202,125</u>
Supply teacher costs	38,357	76,252
Staff restructuring costs	-	15,000
	<u>10,605,866</u>	<u>10,293,377</u>

The average number of persons employed by the Academy during the year was as follows:

	2016	2015
	No.	No.
Teachers	166	160
Administration and support	168	170
Management	9	9
	<u>343</u>	<u>339</u>

Average headcount expressed as a full time equivalent:

	2016	2015
	No.	No.
Teachers	148	139
Administration and support	102	115
Management	9	9
	<u>259</u>	<u>263</u>

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2016	2015
	No.	No.
In the band £70,001 - £80,000	2	2
In the band £160,001 - £170,000	1	1

The key management personnel of the Academy comprise the governors (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £735,097 (2015: £719,639).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year, travel and subsistence expenses totalling £NIL (2015: £64) were reimbursed to Nil trustees (2015: 1).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment, and not in respect of their services as governors. Other governors did not receive any payments, from the academy in respect of their role as governors. The value of governors' total remuneration for the year (including employers pension contributions) was as follows: A K Alexander: Remuneration £160,000 - £165,000 (2015: £160,000 - £165,000), Employer's pension contribution £0 (2015: £0); R Mitchell: Remuneration £25,000 - £30,000 (2015: £25,000 - £30,000), Employer's pension contributions £0- £5,000 (2015: £0 - £5,000); D Wright: Remuneration £15,000 - £20,000 (2015: £45,000 - £50,000), Employer's pension contribution £0 - £5,000 (2015: £5,000 - £10,000); A Gelling £40,000 - £45,000 (2015: £40,000 - £45,000) Employer's pension contribution £5,000 - £10,000 (2014: £0 - £5,000); M Skinner £40,000 - £45,000 (2015: Not a staff governor) Employer's pension contribution £5,000 - £10,000 (2015: Not a staff governor) and L Edwardson: Remuneration £30,000 - £35,000 (2015: Not a staff governor), Employer's pension contribution £5,000 - £10,000 (2015: Not a staff governor).

12. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

EXMOUTH COMMUNITY COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures, Furniture and Equipment £	Computer equipment £	Total £
COST				
At 1 September 2015	27,090,182	3,695,576	316,562	31,102,320
Additions	2,300,000	22,990	75,307	2,398,297
Disposals	-	(37,804)	-	(37,804)
At 31 August 2016	<u>29,390,182</u>	<u>3,680,762</u>	<u>391,869</u>	<u>33,462,813</u>
DEPRECIATION				
At 1 September 2015	2,212,834	2,955,572	309,832	5,478,238
Charge for the year	541,700	580,230	15,610	1,137,540
At 31 August 2016	<u>2,754,534</u>	<u>3,535,802</u>	<u>325,442</u>	<u>6,615,778</u>
NET BOOK VALUE				
At 31 August 2016	<u>26,635,648</u>	<u>144,960</u>	<u>66,427</u>	<u>26,847,035</u>
At 31 August 2015	<u>24,877,348</u>	<u>740,004</u>	<u>6,730</u>	<u>25,624,082</u>

14. STOCKS

	2016 £	2015 £
Catering	<u>7,067</u>	<u>7,695</u>

15. DEBTORS

	2016 £	2015 £
Trade debtors	16,407	42,498
VAT repayable	108,737	135,066
Other debtors	1,083	1,601
Prepayments and accrued income	1,174,297	1,535,459
	<u>1,300,524</u>	<u>1,714,624</u>

16. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
Unlisted investments (liquid)	<u>2,900,000</u>	<u>3,300,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	356,840	178,298
Other taxation and social security	197,121	172,997
Other creditors	194,646	175,019
Accruals and deferred income	46,399	436,831
	<u>795,006</u>	<u>963,145</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	124,397	59,768
Resources deferred during the year	16,397	124,397
Amounts released from previous years	(124,397)	(59,768)
	<u>16,397</u>	<u>124,397</u>
Deferred income at 31 August 2016		

Deferred income includes funding received for rates, LAP funding and trip income.

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
Reserves	<u>1,413,379</u>	<u>1,132,341</u>	<u>(1,018,666)</u>	<u>-</u>	<u>-</u>	<u>1,527,054</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	1,844,816	11,242,066	(11,232,496)	(77,150)	-	1,777,236
Rates	-	51,175	(50,006)	-	-	1,169
Special needs funding	-	88,297	(88,297)	-	-	-
Pupil premium	-	488,138	(488,138)	-	-	-
Pupil Premium - Year 7 catch up	11,622	14,500	(26,122)	-	-	-
Other DfE/EFA grants	30,542	-	(30,542)	-	-	-
Graduate Teaching Programme	317	11,981	(12,298)	-	-	-
Stepping stones funding	35,801	43,379	(79,180)	-	-	-
Broadband funding - local authority	-	10,000	(10,000)	-	-	-
Donations	37,400	39,068	(76,468)	-	-	-
Access to work	-	3,643	(3,643)	-	-	-
Exeter Links	-	1,000	(1,000)	-	-	-
Other restricted	-	4,998	(4,998)	-	-	-
Pension reserve	(4,090,000)	-	(378,000)	-	(3,064,000)	(7,532,000)
	<u>(2,129,502)</u>	<u>11,998,245</u>	<u>(12,481,188)</u>	<u>(77,150)</u>	<u>(3,064,000)</u>	<u>(5,753,595)</u>

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	24,139,005	-	(725,624)	-	-	23,413,381
Fixed assets purchased from GAG and other restricted funds	30,311	-	(11,240)	77,150	-	96,221
DfE/EFA Capital grants	2,888,953	769,557	(429,231)	-	-	3,229,279
Donation	30,000	-	(6,000)	-	-	24,000
Local Authority	62,000	800,000	(1,000)	-	-	861,000
Other capital grants	112,500	-	(2,250)	-	-	110,250
	<u>27,262,769</u>	<u>1,569,557</u>	<u>(1,175,345)</u>	<u>77,150</u>	<u>-</u>	<u>27,734,131</u>
Total restricted funds	<u>25,133,267</u>	<u>13,567,802</u>	<u>(13,656,533)</u>	<u>-</u>	<u>(3,064,000)</u>	<u>21,980,536</u>
Total of funds	<u>26,546,646</u>	<u>14,700,143</u>	<u>(14,675,199)</u>	<u>-</u>	<u>(3,064,000)</u>	<u>23,507,590</u>

The specific purposes for which the funds are to be applied are as follows:

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the EFA during the period in order to fund the continuing activities of the school.

**EXMOUTH COMMUNITY COLLEGE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

Rates - represents funding received from the EFA during the period in order to fund rates at the Academy.

Special Needs Funding - funding received by the Local Authority to fund further support for students with additional needs.

Pupil premium and pupil premium year 7 catch up funding represents amounts received from the EFA to cater for disadvantaged pupils.

Other DfE/EFA grants relates to other funding from the DfE/EFA from prior periods which has been fully spent in the year.

Graduate training programme funds are income received from Universities for hosting student teachers.

Broadband funding is money received to fund broadband costs within the Academy.

Donations are funds donated to the academy to assist with a specific purpose.

The other restricted funds relate to small elements of grant funding received by the Academy which go toward funding specific areas.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion. This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG. This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/EFA Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts less associated finance

Donations. This represents a donation to be used on a specific fixed asset within the Academy.

Local Authority. these funds were received from the local authority to assist the Academy in a major build project undertaken and were restricted to use within this project.

Other capital grants - These funds were received from third parties for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

EXMOUTH COMMUNITY COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrest'd funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	2	-	26,847,033	26,847,035	25,624,082
Current assets	2,322,058	1,778,405	887,098	4,987,561	5,975,709
Creditors due within one year	(795,006)	-	-	(795,006)	(963,145)
Pension scheme liability	-	(7,532,000)	-	(7,532,000)	(4,090,000)
	<u>1,527,054</u>	<u>(5,753,595)</u>	<u>27,734,131</u>	<u>23,507,590</u>	<u>26,546,646</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	24,944	1,031,691
Adjustment for:		
Depreciation charges	1,137,540	1,264,591
Interest received	(35,098)	(32,097)
Loss on the disposal of fixed assets	37,804	2,380
Decrease/(increase) in stocks	630	(685)
Decrease/(increase) in debtors	414,098	(1,112,556)
(Decrease)/increase in creditors	(168,139)	91,838
Capital grants from DfE and other capital income	(1,569,557)	(2,493,592)
Defined benefit pension scheme cost less contributions payable	220,000	223,000
Defined benefit pension scheme finance cost	158,000	151,000
Net cash provided by/(used in) operating activities	<u>220,222</u>	<u>(874,430)</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	779,970	953,390
Notice deposits (less than 3 months)	2,900,000	3,300,000
Total	<u>3,679,970</u>	<u>4,253,390</u>

22. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>852,434</u>	<u>2,163,301</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £158,036 were payable to the schemes at 31 August 2016 (2015: £140,558) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £912,044 (2015: £753,538).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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23. PENSION COMMITMENTS (continued)

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £512,000 (2015: £480,000), of which employer's contributions totalled £387,000 (2015: £360,000) and employees' contributions totalled £125,000 (2015: £120,000). The agreed contribution rates for future years are 19.7% for employers and 5.5 - 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. PENSION COMMITMENTS (continued)

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities and gilts	2,988,000	2,340,000
Debt instruments	127,000	186,000
Property	476,000	403,000
Cash	82,000	88,000
Target return portfolio	684,000	565,000
Infrastructure and alternative assets	471,000	182,000
	<hr/>	<hr/>
Total market value of assets	4,828,000	3,764,000
	<hr/>	<hr/>

The actual return on scheme assets was £555,000 (2015: £(11,000)).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(607,000)	(583,000)
Net interest cost	(158,000)	(151,000)
	<hr/>	<hr/>
Total	(765,000)	(734,000)
	<hr/>	<hr/>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	7,854,000	7,107,000
Current service cost	607,000	583,000
Interest cost	317,000	289,000
Contributions by employees	125,000	120,000
Actuarial losses/(gains)	3,458,000	(182,000)
Benefits paid	(1,000)	(63,000)
	<hr/>	<hr/>
Closing defined benefit obligation	12,360,000	7,854,000
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy's share of scheme assets:

	2016 £	2015 £
Opening fair value of scheme assets	3,764,000	3,358,000
Interest income	161,000	139,000
Return on assets less interest	394,000	(149,000)
Contributions by employer	387,000	360,000
Contributions by employees	125,000	120,000
Benefits paid	(1,000)	(63,000)
Administration expenses	(2,000)	(1,000)
	<u>4,828,000</u>	<u>3,764,000</u>
Closing fair value of scheme assets	<u>4,828,000</u>	<u>3,764,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable non land and buildings operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	165,499	150,514
Between 1 and 5 years	262,529	207,517
	<u>428,028</u>	<u>358,031</u>
Total	<u>428,028</u>	<u>358,031</u>

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at an arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

Staff governors received remuneration is disclosed in note 11.

Mrs S Wright, spouse of Mr D Wright, a trustee who served during part of the year, is employed as a teacher in the Drama department. Mrs Wright's appointment was made prior to Mr Wright's appointment and at no point was Mr Wright involved in the decision making process. Mrs Wright is paid within the normal pay scales for her role and receives no special treatment as a result of their relationship with a Trustee.

Ms Rogers, spouse of Ms Edwardson, a trustee who served during part of the year, is employed as ICT manager. Ms Rogers's appointment was made prior to Ms Edwardson's appointment and at no point was Ms Edwardson involved in the decision making process. Ms Rogers is paid within the normal pay scales for her role and receives no special treatment as a result of their relationship with a Trustee.

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NOTES TO THE FINANCIAL STATEMENTS
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26. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £52,707 and distributed £39,908 from the fund. An amount of £12,799 is included in other creditors relating to undistributed funds that is repayable to EFA.

27. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at amortised cost	<u>4,617,882</u>	<u>5,631,340</u>
Financial liabilities measured at amortised cost	<u>423,111</u>	<u>524,845</u>

Financial assets measured at amortised cost comprise trade debtors and accrued income within one year, cash and unlisted investments.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals due within one year.

28. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

29. GENERAL INFORMATION

Exmouth Community College is a company limited by guarantee, incorporated in England and Wales. The registered office is Gipsy Lane, Exmouth, Devon, EX8 3AF.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

30. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		25,481,955	26,546,646
Total funds reported under FRS 102		<u>25,481,955</u>	<u>26,546,646</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		1,105,691
Change in recognition of LGPS interest cost		(74,000)
Net movement in funds reported under FRS 102		<u>1,031,691</u>

Explanation of changes to previously reported funds and net income/expenditure:

Change in recognition of LGPS interest cost	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £74,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.
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