

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

CONTENTS

	Page
Reference and administrative details of the academy, its trustees and advisers	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 13
Statement on regularity, propriety and compliance	14
Trustees' responsibilities statement	15
Independent auditors' report	16 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities	20
Balance sheet	21
Cash flow statement	22
Notes to the financial statements	23 - 43

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees/Members	Elizabeth Lee, Chair (resigned 17 September 2014) ^{1,2,3,4,6} Ray Davison ^{1,4,6} Tony Alexander, Principal ^{1,2,3,4,5,6} Clare Babbage ^{2,4,6} Louise Boud ^{1,2} Andrew Gelling ^{1,2,3,4} Samantha Collett ^{2,3} Vivien Duval-Steer ^{3,5} Kim Johnson ^{1,2,5} Jill Elson, (Chair from 17 September 2014) ^{3,4,6} Pat Graham ^{1,2,3,5} Ruth Jones ^{3,4} Roger Lawrence ^{1,4} Barbara Mason ^{1,4} Lesley Miszewska, Vice Chair ^{1,2,4,6} Robert Mitchell ^{1,3,4,6} Robert Rooksby ^{1,2,3,4,6} Alison Wells ² David Wright ^{3,4} Margaret Turgoose ^{1,2}
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- 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

**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

**EXMOUTH COMMUNITY COLLEGE
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
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Bankers	Lloyds Bank 8 Fore Street Budleigh Salterton Devon EX9 6NQ
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Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter Devon EX1 1UP
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**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. 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 serving a catchment area in Exmouth. It has a pupil capacity of 2,418 and had a roll of 2,486 in line with our funding allocation.

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. The charitable company is known as Exmouth Community College.

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 cease to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The limit of this indemnity is £5,000,000 and this cover is provided by Zurich Municipal Insurance Company.

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. Induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

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 once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It 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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

There are 6 committees as follows;

- **Finance Committee** - this 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** - this meets once 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** which meets twice a year to deal with all matters relating to admissions.
- **Premises Committee** which 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** which 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** which meets twice a year to provide the Board of Governors with the necessary assurances and quality control.

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 Headteacher and Senior Management Team (SMT). The SMT comprises the Principal, Deputy Principals, Assistant Principals, Director of Finance and Resources and when appropriate Heads of Departments and the Business Manager. The SMT implement the policies laid down by the Trustees and report back to them on performance.

The Principal is the Accounting Officer.

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. Exmouth Community College 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 object and activity of the Charitable Company is the operation Exmouth Community College is to provide free education and care for pupils of different abilities between the ages of 11 and 19 with specialist status in Maths and Computing.

The main objectives of the Academy during the period ended 31 August 2014 are summarised below:

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

- 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.

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 2014/2015 include:

- Improve achievement in Science and maintain improving trend in English
- Close the gaps for students with Free School Meals and School Action (using pupil premium)
- Reduce the gender gap by raising the achievement of boys
- Ensure the progress of students in KS5 continues to improve
- Introduce the new Special Needs Code of Practice
- Maintain the high quality of teaching in the light of significant curriculum change
- Ensure response from students to feedback given
- Ensure transparency of homework tasks by introducing Show My Homework
- Build on core literacy entitlement to ensure secure start and progress at ECC
- Reduce further the number of exclusions by developing new inclusion unit (REACH)
- Build capacity for the future by investigating 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.

STRATEGIC REPORT

Achievements and Performance

The Academy continues to achieve the forecast numbers of students. Total students in the period ended 31st August 2014 numbered 2404 and the Academy has a full complement in all year groups. The Academy has, in agreement with Devon County Council agreed to admit 390 students each year from September 2014.

Examination results for 2014 represented continued improvement in A2 results. The Academy achieved a 99% pass rate (A* to E) in A2 exams compared to 98% (A* to E) in 2013. The Academy achieved its best ever AS results with 65% achieving A to C, compared to 56% in 2013. 81% of students achieved the pass rate of A to E.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Academy GCSE results in August 2014 were 68% of students achieving 5 A* - C. In addition 64% achieved 5 A* to C including English and Maths, an improvement of 12% from August 2013. The College's 5 A* to G rate was 96%.

To ensure that standards are continually raised 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 courses available to students. During 2014/15 this was reviewed to reflect the new programmes of study that take effect in September 2014.

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

- Rolling programme of First Aid training introduced with 22 members of staff undertaking a 1 day course provided by Edson Tiger
- All new and current staff attended Safeguarding training either during the first 2 non contact days in September or on subsequent new staff inductions
- The College hosted a conference for 120 colleagues from across Devon to share our experiences of teaching using Auditory Processing strategies
- Teaching staff have received training on the new curriculum within their subject areas
- Safer Recruitment training undertaken by the HR department and members of SLT
- Lone Working training for key members of staff
- All Catering staff received training in Food Hygiene
- Members of the SIMs, HR and Clerical Team undertook Appraisal training
- The Technology Department updated all of their Health & Safety training
- 2 members of staff completed the Snowsports Organiser's Course
- Down Syndrome training provided for SENCOs
- An introductory talk on Mindfulness was hosted by Gavin Weir-Jones with the intention of running courses for staff and students in the next academic year
- Overall feedback on training evaluation forms is good or above

During the year, the Academy secured a commitment to a £75,000 grant from Sports England to part fund the surface of the Astro Pitch and Astro lights; a further £30,000 for the provision of external cricket nets. A review of all service contracts, to review value for money associated with Premises Management, has achieved annual savings in excess of £32,000 per annum.

The Academy has established close links with Clyst Vale Academy and Queen Elizabeth Academy. The three Academies are embarking on collaborative working with a view to making efficiency savings in back office functions. In addition the College works closely with Honiton Community College and Axe Valley Community College within a local area partnership.

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; the restriction of the 12% of carry forward has been removed via Deed of Variation. In period under review, £1,863,033 to be updated was carried forward representing 15.87% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2013/14 were 2586. The college is aware of falling demographics in the medium term, however from 2017/18 onwards pupil numbers are set to increase significantly this is supported by the Local Authority admission numbers in the local primary schools.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

KPI	Actual
Student attendance %	94.0%
Exam success for 5 A*- C at GCSE	68%
and 5 A*-C inc Eng and Maths (GCSE)	64%
Financial reports are submitted to all Finance committees one week prior to the meeting	Yes
Finance Committee receive regular updates in line with best practice	Yes
RO reports achieve a GOOD/HIGH standard	Yes
Percentage of total staff costs v Total income coming resources from charitable activities	77.3%

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 Statement of Accounting Policies.

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 2014 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 2014, total expenditure of (excluding fixed assets and pension reserve) £13,139,377 was covered by recurrent grant funding from the DfE, together with other incoming resources of £13,715,563 (excluding fixed assets and pension reserve). The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension reserve) was £576,186.

At 31 August 2014 the net book value of fixed assets was £25,948,542 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and 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. 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 26 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 responsible officer visits and two internal audit visits from the Responsible Officer / Internal Audit which contained no matters of significance.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Financial and Risk Management Objectives and Policies

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 constantly 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.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be an increasing concern for the board. In addition the Trustees receive updated five year financial plans at every Finance meeting to ensure that the Academy has knowledge of the future financial consequences as a result of financial decisions made in the shorter term.

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

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

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in 26 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.

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 reserves policy is reviewed annually by the Trustees and was also reviewed by the Responsible Officer in May 2014.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £1,000,000. The reason for this is to plan for the short to medium fall in pupil numbers. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £1,241,444 of which £1,241,444 is free reserves. In addition the Trustees have determined that the level of restricted reserves should be approximately £1,000,000. Currently these reserves, excluding pension, stand at £1,964,237.

Budget containment plans include and expect free reserves not to reduce below £800,000 over the coming three year period this is to ensure adequate cash flow moving into future years just prior to pupil numbers increasing.

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- £2,000,000 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.
- £34,000 to match fund the 'sports England' playing field grant bid

Investment Policy

The Governors 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 Governors have determined the appropriate level of free reserves outlined in the reserves policy. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,241,444 at this moment in time. The Academy will endeavour to maintain reserves as outlined in the reserves policy agreed on the 28th January 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

Risks to revenue funding from a falling roll are high in the medium term, this is as a result in local demographics, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be an increasingly concern in coming years. The College has in place robust containment plans to address the medium term fall in pupil numbers. In addition the Trustees have adopted a stringent approach to accumulating reserves whilst balancing the educational needs of the pupils currently on role. The issues of Containment plans and demographics have been shared with the external assurance team at the EFA on the 6th August 2014 to make them aware of the projected fall in pupil numbers and the impact on the finances of the College. In the longer term the Pupil numbers are set to rise by 400 plus students as a result of the local demographics and will require a significant Capital investment from the Local authority to address the basic need issue. 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 need funding. The Trustees will be actively reviewing financial performance against the proposed budget containment plans which they expect the management team to deliver.

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 dependant 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 on 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.

Premises – the Trustees have been made acutely aware of the business critical backlog and the health and safety risks associated with non compliance to required standards. The strategy to reduce the risk by diverting additional revenue funding and successful Academies Capital Maintenance Funds bids circa £1.68m since converting to Academy have reduced the risks significantly. During the summer of 2014 the final major areas of risk will have been addressed. The College will continue with the premises strategy ensuring that any identified of significant risk is addressed as a priority.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. The risk register was reviewed by the Responsible Officer on the 6th May 2014 and no areas of concern were found commenting that "the Deputy Principal, PA to Governors,

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Director of Finance and the admin / finance staff clearly have a good understanding of the risk processes in place at the Academy and have all played their part in ensuring that robust and embedded procedures exist which assist in minimizing the level of risk that the Academy faces”.

PLANS FOR FUTURE PERIODS

The Academy aims to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave. The Academy will also increase its recruitment up to the new agreed levels, accepting transfers from other schools and colleges, where possible.

The Academy aims in the future to provide the opportunity for a technological education to a greater number of students. To achieve this we are drawing up a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to the Academy's technology facilities, curricular materials and the expertise of Academy staff.

The Assurance Team were not too concerned as the cumulative deficit is not going to occur until 2018/19 therefore their comment was “at this stage we do not propose any further action other than requesting:-

- Submit position statements on a six monthly basis
- Share the budget containment plan
- Advise the EFA when significant costs arise
- Monitor the cashflow on a rolling 12 month forecast basis

The Academy is working to address future known basic need requirements, as identified by Devon County Council. Work has commenced on a 1, 3 and 10 year Strategic Development Plan. Norfolk Property Services (NPS) have been engaged by the local authority to support the College with this exciting development. The architects employed by NPS are currently scoping the future requirements of the College and are working closely with the senior leadership team on this project. The Academy is committed to improve the facilities of the College across the board.

The Academy will be submitting plans for Phase 1 of the Plan in the Autumn of 2014.

The Academy has also submitted an expression of interest as part of the PSBP2 (Priority Schools Building Programme 2) to upgrade the roofs, windows and internal refurbishment of 8 blocks in the region of 3.9 million announcement on success will be made known in December 2014.

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 2 December 2014 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 Trustees' responsibilities statement. 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
Elizabeth Lee, Chair	8	8
Ray Davison	8	8
Tony Alexander, Principal	8	8
Clare Babbage	7	8
Louise Boud	6	8
Andrew Gelling	7	7
Samantha Collett	5	7
Vivien Duval-Steer	7	7
Kim Johnson	6	8
Jill Elson, (Chair from 17 September 2014)	6	8
Pat Graham	5	7
Ruth Jones	8	8
Roger Lawrence	6	8
Barbara Mason	6	8
Lesley Miszewska, Vice Chair	7	8
Robert Mitchell	7	7
Robert Rooksby	6	7
Alison Wells	7	8
David Wright	5	7
Margaret Turgoose	8	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
Jill Elson, Chair	6	6
Clare Babbage, Vice Chair	4	6
Tony Alexander, Principal	5	6
Ruth Jones	5	6
Roger Lawrence	3	6
Elizabeth Lee	5	6
Barbara Mason	4	6
Lesley Miszewska	6	6
Robert Mitchell	6	6
Robert Rooksby	6	6
Ray Davison	3	6
David Wright	6	6
Andrew Gelling	6	6

GOVERNANCE STATEMENT (continued)

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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kim Johnson, Chair	3	3
Vivien Duval-Steer	3	3
Tony Alexander, Principal	0	3
Pat Graham	3	3

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 2013 to 31 August 2014 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 2013 to 31 August 2014 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 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;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed David Curnow, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO 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.

GOVERNANCE STATEMENT (continued)

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 financial management and governance self-assessment process;
- 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 Finance Committee and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 2 December 2014 and signed on its behalf, by:

**Jill Elson
Chair of Trustees**

**Tony Alexander
Accounting officer**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Exmouth Community College I have considered my responsibility to notify the academy 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 and the Secretary of State. 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 board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook.

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

Date: 2 December 2014

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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 Trustees' report (including the Strategic 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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: 2 December 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXMOUTH COMMUNITY COLLEGE

We have audited the financial statements of Exmouth Community College for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2013 to 2014 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 Trustees' responsibilities statement, 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 2014 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 and the Academies Accounts Direction 2013 to 2014 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.

INDEPENDENT AUDITORS' REPORT 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

10 December 2014

**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 2013 to 2014, 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 2013 to 31 August 2014 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 01 April 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 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.

**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 2013 to 31 August 2014 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
10 December 2014

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	16,413	30,000	46,413	10,621
Activities for generating funds	3	349,336	-	-	349,336	422,731
Investment income	4	29,408	-	-	29,408	33,309
Incoming resources from charitable activities	5	736,263	12,584,143	116,790	13,437,196	14,077,512
TOTAL INCOMING RESOURCES		1,115,007	12,600,556	146,790	13,862,353	14,544,173
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		245,617	-	-	245,617	381,299
Charitable activities	11	687,290	12,431,577	1,320,596	14,439,463	14,311,200
Governance costs	7	-	31,893	-	31,893	27,228
TOTAL RESOURCES EXPENDED	10	932,907	12,463,470	1,320,596	14,716,973	14,719,727
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		182,100	137,086	(1,173,806)	(854,620)	(175,554)
Actuarial gains and losses on defined benefit pension schemes		-	(394,000)	-	(394,000)	(89,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		182,100	(256,914)	(1,173,806)	(1,248,620)	(264,554)
Total funds at 1 September		1,059,344	(1,527,849)	27,199,080	26,730,575	26,995,129
TOTAL FUNDS AT 31 AUGUST		1,241,444	(1,784,763)	26,025,274	25,481,955	26,730,575

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 23 to 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	17		25,948,542		27,199,080
CURRENT ASSETS					
Stocks	18	7,012		6,809	
Debtors	19	602,068		507,704	
Investments	20	3,100,000		2,700,000	
Cash at bank		444,640		342,117	
			4,153,720	3,556,630	
CREDITORS: amounts falling due within one year					
	21	(871,307)		(927,135)	
NET CURRENT ASSETS			3,282,413		2,629,495
TOTAL ASSETS LESS CURRENT LIABILITIES			29,230,955		29,828,575
Defined benefit pension scheme liability	27		(3,749,000)		(3,098,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			25,481,955		26,730,575
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	22	1,964,237		1,570,151	
Fixed asset funds	22	26,025,274		27,199,080	
Restricted funds excluding pension liability		27,989,511		28,769,231	
Pension reserve		(3,749,000)		(3,098,000)	
Total restricted funds			24,240,511		25,671,231
Unrestricted funds	22		1,241,444		1,059,344
TOTAL FUNDS			25,481,955		26,730,575

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:

Jill Elson
Chair of Trustees

The notes on pages 23 to 43 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	24	396,383	(902,728)
Returns on investments and servicing of finance	25	29,408	33,309
Capital expenditure and financial investment	25	(323,268)	(94,175)
INCREASE/(DECREASE) IN CASH IN THE YEAR		102,523	(963,594)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase/(Decrease) in cash in the year	102,523	(963,594)
	-	-
MOVEMENT IN NET FUNDS IN THE YEAR	102,523	(963,594)
Net funds at 1 September 2013	342,117	1,305,711
NET FUNDS AT 31 AUGUST 2014	444,640	342,117

The notes on pages 23 to 43 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

Guidance in the Accounts Direction 2013 to 2014 has changed from last year and where this impacts the comparative figures these have been adjusted.

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 and include grants from the Department for Education.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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 one year from the date of approval of the financial statements.

The Trustees conclude that it is appropriate to prepare financial statements on the going concern basis for the year ended 31 August 2014.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. 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

1.7 OPERATING LEASES

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

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.10 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), 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 quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	-	46,413	46,413	10,621

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	77,545	-	77,545	72,497
Activity fees received	255,791	-	255,791	350,234
Other	16,000	-	16,000	-
	349,336	-	349,336	422,731

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	29,408	-	29,408	33,309
	<u>29,408</u>	<u>-</u>	<u>29,408</u>	<u>33,309</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	602,308	12,700,933	13,303,241	13,951,336
Nursery	133,955	-	133,955	126,176
	<u>736,263</u>	<u>12,700,933</u>	<u>13,437,196</u>	<u>14,077,512</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	110,284	110,284	435,109
General Annual Grant	-	11,738,403	11,738,403	11,743,143
Other DfE/EFA grants	-	564,184	564,184	496,912
	<u>-</u>	<u>12,412,871</u>	<u>12,412,871</u>	<u>12,675,164</u>
Other government grants				
Special Educational Needs	-	138,616	138,616	396,286
Other government grants non capital	-	129,265	129,265	151,976
Other government grants: capital	-	6,506	6,506	-
Income for hosting trainee teachers	-	13,675	13,675	8,250
	<u>-</u>	<u>288,062</u>	<u>288,062</u>	<u>556,512</u>
Other funding				
Internal catering income	467,995	-	467,995	426,891
Sales to students	7,705	-	7,705	14,370
Other curriculum income	126,608	-	126,608	278,399
	<u>602,308</u>	<u>-</u>	<u>602,308</u>	<u>719,660</u>
	<u>602,308</u>	<u>12,700,933</u>	<u>13,303,241</u>	<u>13,951,336</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	552,628	13,752,173	14,304,801	14,182,841
Nursery	134,662	-	134,662	128,359
	<u>687,290</u>	<u>13,752,173</u>	<u>14,439,463</u>	<u>14,311,200</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	6,700	6,700	6,500
Auditors' non audit costs	-	9,465	9,465	10,170
Responsible Officer Costs	-	2,200	2,200	3,091
Legal and Professional	-	5,925	5,925	1,772
Other costs	-	1,372	1,372	290
Wages and salaries	-	6,231	6,231	5,405
	<u>-</u>	<u>31,893</u>	<u>31,893</u>	<u>27,228</u>

8. DIRECT COSTS

	Education £	Nursery £	Total 2014 £	Total 2013 £
Pension finance costs	105,000	-	105,000	76,000
Educational supplies	643,882	-	643,882	551,404
Examination fees	210,810	-	210,810	218,557
Staff development	10,435	-	10,435	35,451
Other costs	212,229	-	212,229	278,046
Supply teachers	20,267	-	20,267	-
Wages and salaries	6,701,603	102,146	6,803,749	6,453,642
National insurance	516,156	4,052	520,208	633,568
Pension cost	1,008,606	12,566	1,021,172	974,699
Depreciation	1,058,546	-	1,058,546	1,081,136
	<u>10,487,534</u>	<u>118,764</u>	<u>10,606,298</u>	<u>10,302,503</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. SUPPORT COSTS

	Education £	Nursery £	Total 2014 £	Total 2013 £
Educational supplies	-	10,569	10,569	5,401
Recruitment and other staff costs	12,715	-	12,715	7,250
Maintenance of premises and equipment	159,514	-	159,514	339,508
Cleaning	227,054	-	227,054	248,477
Rent and rates	132,676	5,329	138,005	120,027
Heat and light	242,749	-	242,749	162,660
Insurance	95,138	-	95,138	88,514
Security and transport	75,385	-	75,385	135,968
Catering	298,965	-	298,965	305,890
Technology costs	97,258	-	97,258	77,934
Office overheads	130,658	-	130,658	166,844
Legal and professional	68,925	-	68,925	170,284
Bank interest and charges	778	-	778	56
Wages and salaries	1,740,470	-	1,740,470	1,661,437
National insurance	67,342	-	67,342	68,175
Pension cost	205,590	-	205,590	191,985
Depreciation	262,050	-	262,050	258,287
	<u>3,817,267</u>	<u>15,898</u>	<u>3,833,165</u>	<u>4,008,697</u>

10. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Cost of activities for generating funds	-	-	245,617	245,617	381,299
COSTS OF GENERATING FUNDS	<u>-</u>	<u>-</u>	<u>245,617</u>	<u>245,617</u>	<u>381,299</u>
Education	8,246,632	1,058,546	1,182,356	10,487,534	10,184,670
Nursery	118,764	-	-	118,764	117,833
Support costs - Education	2,013,402	1,325,224	478,641	3,817,267	3,998,171
Support costs - Nursery	-	5,329	10,569	15,898	10,526
CHARITABLE ACTIVITIES	<u>10,378,798</u>	<u>2,389,099</u>	<u>1,671,566</u>	<u>14,439,463</u>	<u>14,311,200</u>
GOVERNANCE	<u>6,231</u>	<u>-</u>	<u>25,662</u>	<u>31,893</u>	<u>27,228</u>
	<u>10,385,029</u>	<u>2,389,099</u>	<u>1,942,845</u>	<u>14,716,973</u>	<u>14,719,727</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Education	10,487,534	3,817,267	14,304,801	14,182,841
Nursery	118,764	15,898	134,662	128,359
Total	<u>10,606,298</u>	<u>3,833,165</u>	<u>14,439,463</u>	<u>14,311,200</u>

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,320,596	1,339,423
Auditors' remuneration	6,700	6,500
Auditors' remuneration - non-audit	9,465	10,170
Operating lease rentals:		
- fixtures, furniture and equipment	139,553	115,822
	<u>1,320,596</u>	<u>1,339,423</u>

13. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	8,454,517	7,983,227
Social security costs	587,550	701,743
Pension costs	1,226,762	1,166,684
	<u>10,268,829</u>	<u>9,851,654</u>
Supply teacher costs	95,933	137,257
Agency costs	20,267	-
	<u>10,385,029</u>	<u>9,988,911</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

13. STAFF (continued)

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	154	146
Administration and support	110	128
Management	8	10
	<hr/> 272 <hr/>	<hr/> 284 <hr/>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014	2013
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	2	1
In the band £160,001 - £170,000	1	1
	<hr/> 3 <hr/>	<hr/> 3 <hr/>

Two of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £20,471 (2013 - £19,777).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

14. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

During the year, travel and subsistence expenses totalling £64 (2013: £NIL) were reimbursed to 1 trustee (2013: NIL).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff 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 £160,000 - £165,000 (2013: £160,000 - £165,000), R Rooksby £40,000 - £45,000 (2013: £40,000 - £45,000), R Mitchell £30,000 - £35,000 (2013: £30,000 - £35,000), D Wright £50,000 - £55,000 (2013: £50,000 - £55,000) and A Gelling £45,000 - £50,000 (2013: £45,000 - £50,000).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £2,000 (2013: £2,000). The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2014	2013
	£	£
Expected return on pension scheme assets	207,000	141,000
Interest on pension scheme liabilities	(312,000)	(217,000)
	(105,000)	(76,000)

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

17. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures, Furniture and Equipment £	Computer equipment £	Total £
COST				
At 1 September 2013	26,211,682	3,576,783	301,284	30,089,749
Additions	-	62,462	7,596	70,058
At 31 August 2014	26,211,682	3,639,245	308,880	30,159,807
DEPRECIATION				
At 1 September 2013	1,164,366	1,498,087	228,216	2,890,669
Charge for the year	524,234	727,849	68,513	1,320,596
At 31 August 2014	1,688,600	2,225,936	296,729	4,211,265
NET BOOK VALUE				
At 31 August 2014	24,523,082	1,413,309	12,151	25,948,542
At 31 August 2013	25,047,316	2,078,696	73,068	27,199,080

18. STOCKS

	2014 £	2013 £
Catering	7,012	6,809

19. DEBTORS

	2014 £	2013 £
Trade debtors	80,989	37,723
VAT recoverable	104,798	90,001
Other debtors	19,660	28,004
Prepayments and accrued income	396,621	351,976
	602,068	507,704

20. CURRENT ASSET INVESTMENTS

	2014 £	2013 £
Unlisted investments (liquid)	3,100,000	2,700,000

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	267,112	328,631
Other taxation and social security	172,774	187,583
Other creditors	159,190	152,493
Accruals and deferred income	272,231	258,428
	<u>871,307</u>	<u>927,135</u>

DEFERRED INCOME

Deferred income at 1 September 2013	116,892
Resources deferred during the year	59,768
Amounts released from previous years	(116,892)
	<u>59,768</u>
Deferred income at 31 August 2014	<u>59,768</u>

Deferred income includes funding received for rates.

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS					
Reserves	<u>1,059,344</u>	<u>1,115,007</u>	<u>(932,907)</u>	<u>-</u>	<u>1,241,444</u>
RESTRICTED FUNDS					
General Annual Grant (GAG)	1,570,151	11,821,386	(11,427,300)	-	1,964,237
Special needs funding	-	138,616	(138,616)	-	-
Pupil premium	-	452,972	(452,972)	-	-
Pupil Premium - Year 7 catch up	-	31,500	(31,500)	-	-
Other DfE/EFA grants	-	11,500	(11,500)	-	-
16 - 19 Bursary	-	57,147	(57,147)	-	-
Graduate Teaching Programme	-	13,675	(13,675)	-	-
Redundancy costs	-	11,065	(11,065)	-	-
Stepping stones funding	-	31,131	(31,131)	-	-
Broadband funding - local authority	-	15,153	(15,153)	-	-
Donations	-	16,411	(16,411)	-	-
Pension reserve	(3,098,000)	-	(257,000)	(394,000)	(3,749,000)
	<u>(1,527,849)</u>	<u>12,600,556</u>	<u>(12,463,470)</u>	<u>(394,000)</u>	<u>(1,784,763)</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

22. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	25,936,262	-	(924,930)	-	25,011,332
Fixed assets purchased from GAG and other restricted funds	32,419	-	(8,105)	-	24,314
DfE/EFA Capital grants	1,230,399	110,283	(381,054)	-	959,628
DDA Grant	-	6,507	(6,507)	-	-
Donation	-	30,000	-	-	30,000
	<u>27,199,080</u>	<u>146,790</u>	<u>(1,320,596)</u>	<u>-</u>	<u>26,025,274</u>
Total restricted funds	<u>25,671,231</u>	<u>12,747,346</u>	<u>(13,784,066)</u>	<u>(394,000)</u>	<u>24,240,511</u>
Total of funds	<u>26,730,575</u>	<u>13,862,353</u>	<u>(14,716,973)</u>	<u>(394,000)</u>	<u>25,481,955</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.

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

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

16-19 Bursary is received from the EFA for pupils over the age of 16.

Graduate teaching programme is a contribution from the University of Exeter and Plymouth towards training costs of PCGE students to enable the funding of professional advice and development sessions.

Redundancy costs are received from the EFA towards the cost of redundancies in year.

Stepping stones funding is received from the local authority for the provision of an inclusion service.

Broadband funding is received from the local authority toward the costs of South West Grid for Learning broadband service.

Donations represents a number of donations that have been specifically sought or applied for from organisations for specific purposes to enhance the services provided to students.

Other DfE/EFA grants represents a number of restricted grants received by the academy from the EFA.

Other restricted funds represents a number of restricted grants received by the academy from the local authority.

Pension reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

22. STATEMENT OF FUNDS (continued)

the Local Authority on conversion to an academy.

Capital Expenditure from GAG - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/EFA Capital grants represents funding from the EFA to cover the maintenance and purchase of the schools assets.

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 2014.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrest'd funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	25,948,542	25,948,542	27,199,080
Current assets	2,112,751	1,964,237	76,732	4,153,720	3,556,630
Creditors due within one year	(871,307)	-	-	(871,307)	(927,135)
Pension scheme liability	-	(3,749,000)	-	(3,749,000)	(3,098,000)
	<u>1,241,444</u>	<u>(1,784,763)</u>	<u>26,025,274</u>	<u>25,481,955</u>	<u>26,730,575</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	(854,620)	(175,554)
Returns on investments and servicing of finance	(29,408)	(33,309)
Depreciation of tangible fixed assets	1,320,596	-
Capital grants from DfE and other capital funding	(146,790)	(435,109)
Increase in stocks	(203)	(6,809)
Increase in debtors	(94,364)	(77,877)
Decrease in creditors	(55,828)	(359,070)
FRS17 pension finance (income)/cost	105,000	76,000
FRS17 pension costs less contributions paid	152,000	109,000
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	<u><u>396,383</u></u>	<u><u>(902,728)</u></u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,495	1,121
Income from investments	27,913	32,188
	<u>29,408</u>	<u>33,309</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u><u>29,408</u></u>	<u><u>33,309</u></u>
	2014 £	2013 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(70,058)	(529,284)
Purchase of short term unlisted investments	(400,000)	-
Capital grants from DfE and other capital funding	146,790	435,109
	<u>(323,268)</u>	<u>(94,175)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u><u>(323,268)</u></u>	<u><u>(94,175)</u></u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	342,117	102,523	-	444,640
NET FUNDS	<u><u>342,117</u></u>	<u><u>102,523</u></u>	<u><u>-</u></u>	<u><u>444,640</u></u>

27. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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,

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

27. PENSION COMMITMENTS (continued)

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2014 was £447,000, of which employer's contributions totalled £339,000 and employees' contributions totalled £108,000. 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.

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities and gilts	6.40	2,185,000	6.40	2,364,000
Bonds	-	137,000	-	-
Property	5.90	325,000	6.00	291,000
Cash	2.90	69,000	0.50	97,000
Target return portfolio	5.90	486,000	5.00	486,000
Infrastructure and alternative assets	4.50	156,000	-	-
Total market value of assets		3,358,000		3,238,000
Present value of scheme liabilities		(7,107,000)		(6,336,000)
(Deficit)/surplus in the scheme		(3,749,000)		(3,098,000)

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(7,107,000)	(6,336,000)
Fair value of scheme assets	3,358,000	3,238,000
	<u>(3,749,000)</u>	<u>(3,098,000)</u>
Net liability	<u>(3,749,000)</u>	<u>(3,098,000)</u>

The amounts recognised in the Statement of financial activities are as follows:

	2014 £	2013 £
Current service cost	(491,000)	(414,000)
Interest on obligation	(312,000)	(217,000)
Expected return on scheme assets	207,000	141,000
Past service cost	(12,566)	(10,375)
	<u>(608,566)</u>	<u>(500,375)</u>
Total	<u>(608,566)</u>	<u>(500,375)</u>

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

	2014 £	2013 £
Opening defined benefit obligation	6,336,000	5,338,000
Current service cost	491,000	414,000
Interest cost	312,000	217,000
Contributions by scheme participants	108,000	95,000
Actuarial (Gains)/losses	(155,000)	310,000
Benefits paid	15,000	(38,000)
	<u>7,107,000</u>	<u>6,336,000</u>
Closing defined benefit obligation	<u>7,107,000</u>	<u>6,336,000</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	3,238,000	2,514,000
Expected return on assets	207,000	141,000
Actuarial gains and (losses)	(549,000)	221,000
Contributions by employer	339,000	305,000
Contributions by employees	108,000	95,000
Benefits paid	15,000	(38,000)
	3,358,000	3,238,000

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £898,000 loss (2013: £NIL).

The academy expects to contribute £329,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities and gilts	65.00 %	73.00 %
Bonds	4.00 %	- %
Property	10.00 %	9.00 %
Cash	2.00 %	3.00 %
Target return portfolio	14.00 %	15.00 %
Infrastructure and alternative assets	5.00 %	- %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Expected return on scheme assets at 31 August	6.00 %	6.00 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
Inflation assumption (RPI)	3.50 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	20.6
Females	26.0	24.6
Retiring in 20 years		
Males	24.9	22.6
Females	28.3	26.4

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(7,107,000)	(6,336,000)	(5,338,000)	-	-
Scheme assets	3,358,000	3,238,000	2,514,000	-	-
Deficit	(3,749,000)	(3,098,000)	(2,824,000)	-	-
Experience adjustments on scheme liabilities	155,000	(310,000)	(858,000)	-	-
Experience adjustments on scheme assets	(549,000)	221,000	49,000	-	-

28. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
EXPIRY DATE:				
Within 1 year	-	-	31,136	4,034
Between 2 and 5 years	-	-	110,472	114,051
After more than 5 years	-	-	4,857	21,668

29. 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.

30. 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 14.

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

CONTENTS

	Page
Reference and administrative details of the academy, its trustees and advisers	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 13
Statement on regularity, propriety and compliance	14
Trustees' responsibilities statement	15
Independent auditors' report	16 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities	20
Balance sheet	21
Cash flow statement	22
Notes to the financial statements	23 - 43

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees/Members	Elizabeth Lee, Chair (resigned 17 September 2014) ^{1,2,3,4,6} Ray Davison ^{1,4,6} Tony Alexander, Principal ^{1,2,3,4,5,6} Clare Babbage ^{2,4,6} Louise Boud ^{1,2} Andrew Gelling ^{1,2,3,4} Samantha Collett ^{2,3} Vivien Duval-Steer ^{3,5} Kim Johnson ^{1,2,5} Jill Elson, (Chair from 17 September 2014) ^{3,4,6} Pat Graham ^{1,2,3,5} Ruth Jones ^{3,4} Roger Lawrence ^{1,4} Barbara Mason ^{1,4} Lesley Miszewska, Vice Chair ^{1,2,4,6} Robert Mitchell ^{1,3,4,6} Robert Rooksby ^{1,2,3,4,6} Alison Wells ² David Wright ^{3,4} Margaret Turgoose ^{1,2}
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- 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
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Principal and Registered office	Gipsy Lane Exmouth Devon EX8 3AF
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Company secretary	Kim Dearsly
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Accounting Officer	Tony Alexander
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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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**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
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Bankers	Lloyds Bank 8 Fore Street Budleigh Salterton Devon EX9 6NQ
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Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter Devon EX1 1UP
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**EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. 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 serving a catchment area in Exmouth. It has a pupil capacity of 2,418 and had a roll of 2,486 in line with our funding allocation.

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. The charitable company is known as Exmouth Community College.

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 cease to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The limit of this indemnity is £5,000,000 and this cover is provided by Zurich Municipal Insurance Company.

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. Induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

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 once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It 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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

There are 6 committees as follows;

- **Finance Committee** - this 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** - this meets once 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** which meets twice a year to deal with all matters relating to admissions.
- **Premises Committee** which 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** which 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** which meets twice a year to provide the Board of Governors with the necessary assurances and quality control.

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 Headteacher and Senior Management Team (SMT). The SMT comprises the Principal, Deputy Principals, Assistant Principals, Director of Finance and Resources and when appropriate Heads of Departments and the Business Manager. The SMT implement the policies laid down by the Trustees and report back to them on performance.

The Principal is the Accounting Officer.

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. Exmouth Community College 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 object and activity of the Charitable Company is the operation Exmouth Community College is to provide free education and care for pupils of different abilities between the ages of 11 and 19 with specialist status in Maths and Computing.

The main objectives of the Academy during the period ended 31 August 2014 are summarised below:

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

- 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.

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 2014/2015 include:

- Improve achievement in Science and maintain improving trend in English
- Close the gaps for students with Free School Meals and School Action (using pupil premium)
- Reduce the gender gap by raising the achievement of boys
- Ensure the progress of students in KS5 continues to improve
- Introduce the new Special Needs Code of Practice
- Maintain the high quality of teaching in the light of significant curriculum change
- Ensure response from students to feedback given
- Ensure transparency of homework tasks by introducing Show My Homework
- Build on core literacy entitlement to ensure secure start and progress at ECC
- Reduce further the number of exclusions by developing new inclusion unit (REACH)
- Build capacity for the future by investigating 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.

STRATEGIC REPORT

Achievements and Performance

The Academy continues to achieve the forecast numbers of students. Total students in the period ended 31st August 2014 numbered 2404 and the Academy has a full complement in all year groups. The Academy has, in agreement with Devon County Council agreed to admit 390 students each year from September 2014.

Examination results for 2014 represented continued improvement in A2 results. The Academy achieved a 99% pass rate (A* to E) in A2 exams compared to 98% (A* to E) in 2013. The Academy achieved its best ever AS results with 65% achieving A to C, compared to 56% in 2013. 81% of students achieved the pass rate of A to E.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Academy GCSE results in August 2014 were 68% of students achieving 5 A* - C. In addition 64% achieved 5 A* to C including English and Maths, an improvement of 12% from August 2013. The College's 5 A* to G rate was 96%.

To ensure that standards are continually raised 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 courses available to students. During 2014/15 this was reviewed to reflect the new programmes of study that take effect in September 2014.

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

- Rolling programme of First Aid training introduced with 22 members of staff undertaking a 1 day course provided by Edson Tiger
- All new and current staff attended Safeguarding training either during the first 2 non contact days in September or on subsequent new staff inductions
- The College hosted a conference for 120 colleagues from across Devon to share our experiences of teaching using Auditory Processing strategies
- Teaching staff have received training on the new curriculum within their subject areas
- Safer Recruitment training undertaken by the HR department and members of SLT
- Lone Working training for key members of staff
- All Catering staff received training in Food Hygiene
- Members of the SIMs, HR and Clerical Team undertook Appraisal training
- The Technology Department updated all of their Health & Safety training
- 2 members of staff completed the Snowsports Organiser's Course
- Down Syndrome training provided for SENCOs
- An introductory talk on Mindfulness was hosted by Gavin Weir-Jones with the intention of running courses for staff and students in the next academic year
- Overall feedback on training evaluation forms is good or above

During the year, the Academy secured a commitment to a £75,000 grant from Sports England to part fund the surface of the Astro Pitch and Astro lights; a further £30,000 for the provision of external cricket nets. A review of all service contracts, to review value for money associated with Premises Management, has achieved annual savings in excess of £32,000 per annum.

The Academy has established close links with Clyst Vale Academy and Queen Elizabeth Academy. The three Academies are embarking on collaborative working with a view to making efficiency savings in back office functions. In addition the College works closely with Honiton Community College and Axe Valley Community College within a local area partnership.

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; the restriction of the 12% of carry forward has been removed via Deed of Variation. In period under review, £1,863,033 to be updated was carried forward representing 15.87% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2013/14 were 2586. The college is aware of falling demographics in the medium term, however from 2017/18 onwards pupil numbers are set to increase significantly this is supported by the Local Authority admission numbers in the local primary schools.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

KPI	Actual
Student attendance %	94.0%
Exam success for 5 A*- C at GCSE	68%
and 5 A*-C inc Eng and Maths (GCSE)	64%
Financial reports are submitted to all Finance committees one week prior to the meeting	Yes
Finance Committee receive regular updates in line with best practice	Yes
RO reports achieve a GOOD/HIGH standard	Yes
Percentage of total staff costs v Total income coming resources from charitable activities	77.3%

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 Statement of Accounting Policies.

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 2014 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 2014, total expenditure of (excluding fixed assets and pension reserve) £13,139,377 was covered by recurrent grant funding from the DfE, together with other incoming resources of £13,715,563 (excluding fixed assets and pension reserve). The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension reserve) was £576,186.

At 31 August 2014 the net book value of fixed assets was £25,948,542 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and 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. 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 26 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 responsible officer visits and two internal audit visits from the Responsible Officer / Internal Audit which contained no matters of significance.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Financial and Risk Management Objectives and Policies

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 constantly 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.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be an increasing concern for the board. In addition the Trustees receive updated five year financial plans at every Finance meeting to ensure that the Academy has knowledge of the future financial consequences as a result of financial decisions made in the shorter term.

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

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

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in 26 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.

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 reserves policy is reviewed annually by the Trustees and was also reviewed by the Responsible Officer in May 2014.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £1,000,000. The reason for this is to plan for the short to medium fall in pupil numbers. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £1,241,444 of which £1,241,444 is free reserves. In addition the Trustees have determined that the level of restricted reserves should be approximately £1,000,000. Currently these reserves, excluding pension, stand at £1,964,237.

Budget containment plans include and expect free reserves not to reduce below £800,000 over the coming three year period this is to ensure adequate cash flow moving into future years just prior to pupil numbers increasing.

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- £2,000,000 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.
- £34,000 to match fund the 'sports England' playing field grant bid

Investment Policy

The Governors 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 Governors have determined the appropriate level of free reserves outlined in the reserves policy. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,241,444 at this moment in time. The Academy will endeavour to maintain reserves as outlined in the reserves policy agreed on the 28th January 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

Risks to revenue funding from a falling roll are high in the medium term, this is as a result in local demographics, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be an increasingly concern in coming years. The College has in place robust containment plans to address the medium term fall in pupil numbers. In addition the Trustees have adopted a stringent approach to accumulating reserves whilst balancing the educational needs of the pupils currently on role. The issues of Containment plans and demographics have been shared with the external assurance team at the EFA on the 6th August 2014 to make them aware of the projected fall in pupil numbers and the impact on the finances of the College. In the longer term the Pupil numbers are set to rise by 400 plus students as a result of the local demographics and will require a significant Capital investment from the Local authority to address the basic need issue. 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 need funding. The Trustees will be actively reviewing financial performance against the proposed budget containment plans which they expect the management team to deliver.

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 dependant 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 on 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.

Premises – the Trustees have been made acutely aware of the business critical backlog and the health and safety risks associated with non compliance to required standards. The strategy to reduce the risk by diverting additional revenue funding and successful Academies Capital Maintenance Funds bids circa £1.68m since converting to Academy have reduced the risks significantly. During the summer of 2014 the final major areas of risk will have been addressed. The College will continue with the premises strategy ensuring that any identified of significant risk is addressed as a priority.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. The risk register was reviewed by the Responsible Officer on the 6th May 2014 and no areas of concern were found commenting that "the Deputy Principal, PA to Governors,

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Director of Finance and the admin / finance staff clearly have a good understanding of the risk processes in place at the Academy and have all played their part in ensuring that robust and embedded procedures exist which assist in minimizing the level of risk that the Academy faces”.

PLANS FOR FUTURE PERIODS

The Academy aims to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave. The Academy will also increase its recruitment up to the new agreed levels, accepting transfers from other schools and colleges, where possible.

The Academy aims in the future to provide the opportunity for a technological education to a greater number of students. To achieve this we are drawing up a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to the Academy's technology facilities, curricular materials and the expertise of Academy staff.

The Assurance Team were not too concerned as the cumulative deficit is not going to occur until 2018/19 therefore their comment was “at this stage we do not propose any further action other than requesting:-

- Submit position statements on a six monthly basis
- Share the budget containment plan
- Advise the EFA when significant costs arise
- Monitor the cashflow on a rolling 12 month forecast basis

The Academy is working to address future known basic need requirements, as identified by Devon County Council. Work has commenced on a 1, 3 and 10 year Strategic Development Plan. Norfolk Property Services (NPS) have been engaged by the local authority to support the College with this exciting development. The architects employed by NPS are currently scoping the future requirements of the College and are working closely with the senior leadership team on this project. The Academy is committed to improve the facilities of the College across the board.

The Academy will be submitting plans for Phase 1 of the Plan in the Autumn of 2014.

The Academy has also submitted an expression of interest as part of the PSBP2 (Priority Schools Building Programme 2) to upgrade the roofs, windows and internal refurbishment of 8 blocks in the region of 3.9 million announcement on success will be made known in December 2014.

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 2 December 2014 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 Trustees' responsibilities statement. 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
Elizabeth Lee, Chair	8	8
Ray Davison	8	8
Tony Alexander, Principal	8	8
Clare Babbage	7	8
Louise Boud	6	8
Andrew Gelling	7	7
Samantha Collett	5	7
Vivien Duval-Steer	7	7
Kim Johnson	6	8
Jill Elson, (Chair from 17 September 2014)	6	8
Pat Graham	5	7
Ruth Jones	8	8
Roger Lawrence	6	8
Barbara Mason	6	8
Lesley Miszewska, Vice Chair	7	8
Robert Mitchell	7	7
Robert Rooksby	6	7
Alison Wells	7	8
David Wright	5	7
Margaret Turgoose	8	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
Jill Elson, Chair	6	6
Clare Babbage, Vice Chair	4	6
Tony Alexander, Principal	5	6
Ruth Jones	5	6
Roger Lawrence	3	6
Elizabeth Lee	5	6
Barbara Mason	4	6
Lesley Miszewska	6	6
Robert Mitchell	6	6
Robert Rooksby	6	6
Ray Davison	3	6
David Wright	6	6
Andrew Gelling	6	6

GOVERNANCE STATEMENT (continued)

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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kim Johnson, Chair	3	3
Vivien Duval-Steer	3	3
Tony Alexander, Principal	0	3
Pat Graham	3	3

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 2013 to 31 August 2014 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 2013 to 31 August 2014 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 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;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed David Curnow, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO 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.

GOVERNANCE STATEMENT (continued)

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 financial management and governance self-assessment process;
- 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 Finance Committee and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 2 December 2014 and signed on its behalf, by:

**Jill Elson
Chair of Trustees**

**Tony Alexander
Accounting officer**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Exmouth Community College I have considered my responsibility to notify the academy 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 and the Secretary of State. 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 board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook.

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

Date: 2 December 2014

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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 Trustees' report (including the Strategic 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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: 2 December 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXMOUTH COMMUNITY COLLEGE

We have audited the financial statements of Exmouth Community College for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2013 to 2014 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 Trustees' responsibilities statement, 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 2014 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 and the Academies Accounts Direction 2013 to 2014 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.

INDEPENDENT AUDITORS' REPORT 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

10 December 2014

**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 2013 to 2014, 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 2013 to 31 August 2014 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 01 April 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 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.

**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 2013 to 31 August 2014 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
10 December 2014

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	16,413	30,000	46,413	10,621
Activities for generating funds	3	349,336	-	-	349,336	422,731
Investment income	4	29,408	-	-	29,408	33,309
Incoming resources from charitable activities	5	736,263	12,584,143	116,790	13,437,196	14,077,512
TOTAL INCOMING RESOURCES		1,115,007	12,600,556	146,790	13,862,353	14,544,173
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		245,617	-	-	245,617	381,299
Charitable activities	11	687,290	12,431,577	1,320,596	14,439,463	14,311,200
Governance costs	7	-	31,893	-	31,893	27,228
TOTAL RESOURCES EXPENDED	10	932,907	12,463,470	1,320,596	14,716,973	14,719,727
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		182,100	137,086	(1,173,806)	(854,620)	(175,554)
Actuarial gains and losses on defined benefit pension schemes		-	(394,000)	-	(394,000)	(89,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		182,100	(256,914)	(1,173,806)	(1,248,620)	(264,554)
Total funds at 1 September		1,059,344	(1,527,849)	27,199,080	26,730,575	26,995,129
TOTAL FUNDS AT 31 AUGUST		1,241,444	(1,784,763)	26,025,274	25,481,955	26,730,575

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 23 to 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	17		25,948,542		27,199,080
CURRENT ASSETS					
Stocks	18	7,012		6,809	
Debtors	19	602,068		507,704	
Investments	20	3,100,000		2,700,000	
Cash at bank		444,640		342,117	
			4,153,720	3,556,630	
CREDITORS: amounts falling due within one year					
	21	(871,307)		(927,135)	
NET CURRENT ASSETS			3,282,413		2,629,495
TOTAL ASSETS LESS CURRENT LIABILITIES			29,230,955		29,828,575
Defined benefit pension scheme liability	27		(3,749,000)		(3,098,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			25,481,955		26,730,575
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	22	1,964,237		1,570,151	
Fixed asset funds	22	26,025,274		27,199,080	
Restricted funds excluding pension liability		27,989,511		28,769,231	
Pension reserve		(3,749,000)		(3,098,000)	
Total restricted funds			24,240,511		25,671,231
Unrestricted funds	22		1,241,444		1,059,344
TOTAL FUNDS			25,481,955		26,730,575

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:

Jill Elson
Chair of Trustees

The notes on pages 23 to 43 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	24	396,383	(902,728)
Returns on investments and servicing of finance	25	29,408	33,309
Capital expenditure and financial investment	25	(323,268)	(94,175)
INCREASE/(DECREASE) IN CASH IN THE YEAR		102,523	(963,594)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase/(Decrease) in cash in the year	102,523	(963,594)
	-	-
MOVEMENT IN NET FUNDS IN THE YEAR	102,523	(963,594)
Net funds at 1 September 2013	342,117	1,305,711
NET FUNDS AT 31 AUGUST 2014	444,640	342,117

The notes on pages 23 to 43 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

Guidance in the Accounts Direction 2013 to 2014 has changed from last year and where this impacts the comparative figures these have been adjusted.

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 and include grants from the Department for Education.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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 one year from the date of approval of the financial statements.

The Trustees conclude that it is appropriate to prepare financial statements on the going concern basis for the year ended 31 August 2014.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. 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

1.7 OPERATING LEASES

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

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.10 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), 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 quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	-	46,413	46,413	10,621

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	77,545	-	77,545	72,497
Activity fees received	255,791	-	255,791	350,234
Other	16,000	-	16,000	-
	349,336	-	349,336	422,731

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	29,408	-	29,408	33,309
	<u>29,408</u>	<u>-</u>	<u>29,408</u>	<u>33,309</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	602,308	12,700,933	13,303,241	13,951,336
Nursery	133,955	-	133,955	126,176
	<u>736,263</u>	<u>12,700,933</u>	<u>13,437,196</u>	<u>14,077,512</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	110,284	110,284	435,109
General Annual Grant	-	11,738,403	11,738,403	11,743,143
Other DfE/EFA grants	-	564,184	564,184	496,912
	<u>-</u>	<u>12,412,871</u>	<u>12,412,871</u>	<u>12,675,164</u>
Other government grants				
Special Educational Needs	-	138,616	138,616	396,286
Other government grants non capital	-	129,265	129,265	151,976
Other government grants: capital	-	6,506	6,506	-
Income for hosting trainee teachers	-	13,675	13,675	8,250
	<u>-</u>	<u>288,062</u>	<u>288,062</u>	<u>556,512</u>
Other funding				
Internal catering income	467,995	-	467,995	426,891
Sales to students	7,705	-	7,705	14,370
Other curriculum income	126,608	-	126,608	278,399
	<u>602,308</u>	<u>-</u>	<u>602,308</u>	<u>719,660</u>
	<u>602,308</u>	<u>12,700,933</u>	<u>13,303,241</u>	<u>13,951,336</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	552,628	13,752,173	14,304,801	14,182,841
Nursery	134,662	-	134,662	128,359
	<u>687,290</u>	<u>13,752,173</u>	<u>14,439,463</u>	<u>14,311,200</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	6,700	6,700	6,500
Auditors' non audit costs	-	9,465	9,465	10,170
Responsible Officer Costs	-	2,200	2,200	3,091
Legal and Professional	-	5,925	5,925	1,772
Other costs	-	1,372	1,372	290
Wages and salaries	-	6,231	6,231	5,405
	<u>-</u>	<u>31,893</u>	<u>31,893</u>	<u>27,228</u>

8. DIRECT COSTS

	Education £	Nursery £	Total 2014 £	Total 2013 £
Pension finance costs	105,000	-	105,000	76,000
Educational supplies	643,882	-	643,882	551,404
Examination fees	210,810	-	210,810	218,557
Staff development	10,435	-	10,435	35,451
Other costs	212,229	-	212,229	278,046
Supply teachers	20,267	-	20,267	-
Wages and salaries	6,701,603	102,146	6,803,749	6,453,642
National insurance	516,156	4,052	520,208	633,568
Pension cost	1,008,606	12,566	1,021,172	974,699
Depreciation	1,058,546	-	1,058,546	1,081,136
	<u>10,487,534</u>	<u>118,764</u>	<u>10,606,298</u>	<u>10,302,503</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. SUPPORT COSTS

	Education £	Nursery £	Total 2014 £	Total 2013 £
Educational supplies	-	10,569	10,569	5,401
Recruitment and other staff costs	12,715	-	12,715	7,250
Maintenance of premises and equipment	159,514	-	159,514	339,508
Cleaning	227,054	-	227,054	248,477
Rent and rates	132,676	5,329	138,005	120,027
Heat and light	242,749	-	242,749	162,660
Insurance	95,138	-	95,138	88,514
Security and transport	75,385	-	75,385	135,968
Catering	298,965	-	298,965	305,890
Technology costs	97,258	-	97,258	77,934
Office overheads	130,658	-	130,658	166,844
Legal and professional	68,925	-	68,925	170,284
Bank interest and charges	778	-	778	56
Wages and salaries	1,740,470	-	1,740,470	1,661,437
National insurance	67,342	-	67,342	68,175
Pension cost	205,590	-	205,590	191,985
Depreciation	262,050	-	262,050	258,287
	<u>3,817,267</u>	<u>15,898</u>	<u>3,833,165</u>	<u>4,008,697</u>

10. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Cost of activities for generating funds	-	-	245,617	245,617	381,299
COSTS OF GENERATING FUNDS	<u>-</u>	<u>-</u>	<u>245,617</u>	<u>245,617</u>	<u>381,299</u>
Education	8,246,632	1,058,546	1,182,356	10,487,534	10,184,670
Nursery	118,764	-	-	118,764	117,833
Support costs - Education	2,013,402	1,325,224	478,641	3,817,267	3,998,171
Support costs - Nursery	-	5,329	10,569	15,898	10,526
CHARITABLE ACTIVITIES	<u>10,378,798</u>	<u>2,389,099</u>	<u>1,671,566</u>	<u>14,439,463</u>	<u>14,311,200</u>
GOVERNANCE	<u>6,231</u>	<u>-</u>	<u>25,662</u>	<u>31,893</u>	<u>27,228</u>
	<u>10,385,029</u>	<u>2,389,099</u>	<u>1,942,845</u>	<u>14,716,973</u>	<u>14,719,727</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Education	10,487,534	3,817,267	14,304,801	14,182,841
Nursery	118,764	15,898	134,662	128,359
Total	<u>10,606,298</u>	<u>3,833,165</u>	<u>14,439,463</u>	<u>14,311,200</u>

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,320,596	1,339,423
Auditors' remuneration	6,700	6,500
Auditors' remuneration - non-audit	9,465	10,170
Operating lease rentals:		
- fixtures, furniture and equipment	139,553	115,822
	<u>1,320,596</u>	<u>1,339,423</u>

13. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	8,454,517	7,983,227
Social security costs	587,550	701,743
Pension costs	1,226,762	1,166,684
	<u>10,268,829</u>	<u>9,851,654</u>
Supply teacher costs	95,933	137,257
Agency costs	20,267	-
	<u>10,385,029</u>	<u>9,988,911</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

13. STAFF (continued)

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	154	146
Administration and support	110	128
Management	8	10
	<hr/> 272 <hr/>	<hr/> 284 <hr/>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014	2013
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	2	1
In the band £160,001 - £170,000	1	1
	<hr/> 3 <hr/>	<hr/> 3 <hr/>

Two of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £20,471 (2013 - £19,777).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

14. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

During the year, travel and subsistence expenses totalling £64 (2013: £NIL) were reimbursed to 1 trustee (2013: NIL).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff 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 £160,000 - £165,000 (2013: £160,000 - £165,000), R Rooksby £40,000 - £45,000 (2013: £40,000 - £45,000), R Mitchell £30,000 - £35,000 (2013: £30,000 - £35,000), D Wright £50,000 - £55,000 (2013: £50,000 - £55,000) and A Gelling £45,000 - £50,000 (2013: £45,000 - £50,000).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £2,000 (2013: £2,000). The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2014	2013
	£	£
Expected return on pension scheme assets	207,000	141,000
Interest on pension scheme liabilities	(312,000)	(217,000)
	(105,000)	(76,000)

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

17. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures, Furniture and Equipment £	Computer equipment £	Total £
COST				
At 1 September 2013	26,211,682	3,576,783	301,284	30,089,749
Additions	-	62,462	7,596	70,058
At 31 August 2014	26,211,682	3,639,245	308,880	30,159,807
DEPRECIATION				
At 1 September 2013	1,164,366	1,498,087	228,216	2,890,669
Charge for the year	524,234	727,849	68,513	1,320,596
At 31 August 2014	1,688,600	2,225,936	296,729	4,211,265
NET BOOK VALUE				
At 31 August 2014	24,523,082	1,413,309	12,151	25,948,542
At 31 August 2013	25,047,316	2,078,696	73,068	27,199,080

18. STOCKS

	2014 £	2013 £
Catering	7,012	6,809

19. DEBTORS

	2014 £	2013 £
Trade debtors	80,989	37,723
VAT recoverable	104,798	90,001
Other debtors	19,660	28,004
Prepayments and accrued income	396,621	351,976
	602,068	507,704

20. CURRENT ASSET INVESTMENTS

	2014 £	2013 £
Unlisted investments (liquid)	3,100,000	2,700,000

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	267,112	328,631
Other taxation and social security	172,774	187,583
Other creditors	159,190	152,493
Accruals and deferred income	272,231	258,428
	<u>871,307</u>	<u>927,135</u>

DEFERRED INCOME

Deferred income at 1 September 2013	116,892
Resources deferred during the year	59,768
Amounts released from previous years	(116,892)
	<u>59,768</u>
Deferred income at 31 August 2014	<u>59,768</u>

Deferred income includes funding received for rates.

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS					
Reserves	<u>1,059,344</u>	<u>1,115,007</u>	<u>(932,907)</u>	<u>-</u>	<u>1,241,444</u>
RESTRICTED FUNDS					
General Annual Grant (GAG)	1,570,151	11,821,386	(11,427,300)	-	1,964,237
Special needs funding	-	138,616	(138,616)	-	-
Pupil premium	-	452,972	(452,972)	-	-
Pupil Premium - Year 7 catch up	-	31,500	(31,500)	-	-
Other DfE/EFA grants	-	11,500	(11,500)	-	-
16 - 19 Bursary	-	57,147	(57,147)	-	-
Graduate Teaching Programme	-	13,675	(13,675)	-	-
Redundancy costs	-	11,065	(11,065)	-	-
Stepping stones funding	-	31,131	(31,131)	-	-
Broadband funding - local authority	-	15,153	(15,153)	-	-
Donations	-	16,411	(16,411)	-	-
Pension reserve	(3,098,000)	-	(257,000)	(394,000)	(3,749,000)
	<u>(1,527,849)</u>	<u>12,600,556</u>	<u>(12,463,470)</u>	<u>(394,000)</u>	<u>(1,784,763)</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

22. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	25,936,262	-	(924,930)	-	25,011,332
Fixed assets purchased from GAG and other restricted funds	32,419	-	(8,105)	-	24,314
DfE/EFA Capital grants	1,230,399	110,283	(381,054)	-	959,628
DDA Grant	-	6,507	(6,507)	-	-
Donation	-	30,000	-	-	30,000
	<u>27,199,080</u>	<u>146,790</u>	<u>(1,320,596)</u>	<u>-</u>	<u>26,025,274</u>
Total restricted funds	<u>25,671,231</u>	<u>12,747,346</u>	<u>(13,784,066)</u>	<u>(394,000)</u>	<u>24,240,511</u>
Total of funds	<u>26,730,575</u>	<u>13,862,353</u>	<u>(14,716,973)</u>	<u>(394,000)</u>	<u>25,481,955</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.

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

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

16-19 Bursary is received from the EFA for pupils over the age of 16.

Graduate teaching programme is a contribution from the University of Exeter and Plymouth towards training costs of PCGE students to enable the funding of professional advice and development sessions.

Redundancy costs are received from the EFA towards the cost of redundancies in year.

Stepping stones funding is received from the local authority for the provision of an inclusion service.

Broadband funding is received from the local authority toward the costs of South West Grid for Learning broadband service.

Donations represents a number of donations that have been specifically sought or applied for from organisations for specific purposes to enhance the services provided to students.

Other DfE/EFA grants represents a number of restricted grants received by the academy from the EFA.

Other restricted funds represents a number of restricted grants received by the academy from the local authority.

Pension reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

22. STATEMENT OF FUNDS (continued)

the Local Authority on conversion to an academy.

Capital Expenditure from GAG - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/EFA Capital grants represents funding from the EFA to cover the maintenance and purchase of the schools assets.

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 2014.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrest'd funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	25,948,542	25,948,542	27,199,080
Current assets	2,112,751	1,964,237	76,732	4,153,720	3,556,630
Creditors due within one year	(871,307)	-	-	(871,307)	(927,135)
Pension scheme liability	-	(3,749,000)	-	(3,749,000)	(3,098,000)
	<u>1,241,444</u>	<u>(1,784,763)</u>	<u>26,025,274</u>	<u>25,481,955</u>	<u>26,730,575</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	(854,620)	(175,554)
Returns on investments and servicing of finance	(29,408)	(33,309)
Depreciation of tangible fixed assets	1,320,596	-
Capital grants from DfE and other capital funding	(146,790)	(435,109)
Increase in stocks	(203)	(6,809)
Increase in debtors	(94,364)	(77,877)
Decrease in creditors	(55,828)	(359,070)
FRS17 pension finance (income)/cost	105,000	76,000
FRS17 pension costs less contributions paid	152,000	109,000
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	<u><u>396,383</u></u>	<u><u>(902,728)</u></u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,495	1,121
Income from investments	27,913	32,188
	<u>29,408</u>	<u>33,309</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u><u>29,408</u></u>	<u><u>33,309</u></u>
	2014 £	2013 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(70,058)	(529,284)
Purchase of short term unlisted investments	(400,000)	-
Capital grants from DfE and other capital funding	146,790	435,109
	<u>(323,268)</u>	<u>(94,175)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u><u>(323,268)</u></u>	<u><u>(94,175)</u></u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	342,117	102,523	-	444,640
NET FUNDS	<u><u>342,117</u></u>	<u><u>102,523</u></u>	<u><u>-</u></u>	<u><u>444,640</u></u>

27. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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,

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

27. PENSION COMMITMENTS (continued)

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2014 was £447,000, of which employer's contributions totalled £339,000 and employees' contributions totalled £108,000. 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.

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities and gilts	6.40	2,185,000	6.40	2,364,000
Bonds	-	137,000	-	-
Property	5.90	325,000	6.00	291,000
Cash	2.90	69,000	0.50	97,000
Target return portfolio	5.90	486,000	5.00	486,000
Infrastructure and alternative assets	4.50	156,000	-	-
Total market value of assets		3,358,000		3,238,000
Present value of scheme liabilities		(7,107,000)		(6,336,000)
(Deficit)/surplus in the scheme		(3,749,000)		(3,098,000)

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(7,107,000)	(6,336,000)
Fair value of scheme assets	3,358,000	3,238,000
	<u> </u>	<u> </u>
Net liability	(3,749,000)	(3,098,000)
	<u> </u>	<u> </u>

The amounts recognised in the Statement of financial activities are as follows:

	2014 £	2013 £
Current service cost	(491,000)	(414,000)
Interest on obligation	(312,000)	(217,000)
Expected return on scheme assets	207,000	141,000
Past service cost	(12,566)	(10,375)
	<u> </u>	<u> </u>
Total	(608,566)	(500,375)
	<u> </u>	<u> </u>

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

	2014 £	2013 £
Opening defined benefit obligation	6,336,000	5,338,000
Current service cost	491,000	414,000
Interest cost	312,000	217,000
Contributions by scheme participants	108,000	95,000
Actuarial (Gains)/losses	(155,000)	310,000
Benefits paid	15,000	(38,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	7,107,000	6,336,000
	<u> </u>	<u> </u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	3,238,000	2,514,000
Expected return on assets	207,000	141,000
Actuarial gains and (losses)	(549,000)	221,000
Contributions by employer	339,000	305,000
Contributions by employees	108,000	95,000
Benefits paid	15,000	(38,000)
	3,358,000	3,238,000

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £898,000 loss (2013: £NIL).

The academy expects to contribute £329,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities and gilts	65.00 %	73.00 %
Bonds	4.00 %	- %
Property	10.00 %	9.00 %
Cash	2.00 %	3.00 %
Target return portfolio	14.00 %	15.00 %
Infrastructure and alternative assets	5.00 %	- %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Expected return on scheme assets at 31 August	6.00 %	6.00 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
Inflation assumption (RPI)	3.50 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	20.6
Females	26.0	24.6
Retiring in 20 years		
Males	24.9	22.6
Females	28.3	26.4

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(7,107,000)	(6,336,000)	(5,338,000)	-	-
Scheme assets	3,358,000	3,238,000	2,514,000	-	-
Deficit	(3,749,000)	(3,098,000)	(2,824,000)	-	-
Experience adjustments on scheme liabilities	155,000	(310,000)	(858,000)	-	-
Experience adjustments on scheme assets	(549,000)	221,000	49,000	-	-

28. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
EXPIRY DATE:				
Within 1 year	-	-	31,136	4,034
Between 2 and 5 years	-	-	110,472	114,051
After more than 5 years	-	-	4,857	21,668

29. 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.

30. 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 14.