

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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

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**EXMOUTH COMMUNITY COLLEGE
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2017**

Trustees and Members Jill Elson, Chair (until 31 August 2017)^{3,4,6}
Lesley Miszewska, Vice chair^{1,2,4,6}
Tony Alexander, Principal (resigned 31 August 2017)^{1,2,3,4,5,6}
Clare Babbage^{2,4,6}
Samantha Collett (resigned 30 October 2016)^{2,3}
Ray Davison^{1,4,6}
Vivien Duval-Steer (resigned 31 August 2017)^{3,5}
Lyn Edwardson³
Andrew Gelling^{1,2,3,4,6}
Ann Grange (resigned 2 September 2016)²
Kim Johnson^{1,2,5}
Ruth Jones³
Roger Lawrence (resigned 31 August 2017)^{1,4}
Ian MacQueen^{1,4}
Clair McColl^{2,4}
Malcolm McDonagh (appointed 1 March 2017)^{1,4}
Robert Mitchell^{1,3,4,6}
Vicky Raven (appointed 1 March 2017)^{2,4}
Marianne Skinner^{1,2}
Anna Stimson^{2,3}
Margaret Turgoose, Chair (from 1 September 2017)^{1,2}
Philip Wales^{1,2}
Andrew Davis (appointed 1 September 2017)
Anna Streather (appointed 1 September 2017)
Sally Webster (appointed 1 December 2017)

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

**Company registered
number**

07554085

Company name

Exmouth Community College

**Principal and Registered
office**

Gipsy Lane
Exmouth
Devon
EX8 3AF

Company secretary

Kim Dearsly

Accounting Officer

Andrew Davis (from 1 September 2017)
Tony Alexander (until 31 August 2017)

**Senior management
team**

Mr A Davis, Principal (appointed 1 September 2017)
Mr A Alexander, Principal (resigned 31 August 2017)
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

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Advisers (continued)

Mr S Tanner, Assistant Principal

Independent auditors

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

Bankers

Lloyds Bank
234 High Street
Exeter
Devon
EX4 3NL

Solicitors

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

**EXMOUTH COMMUNITY COLLEGE
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in a catchment area in Exmouth. It has a pupil capacity of 2,418 and had a roll of 2,292 in the school census on 7 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

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

Members' Liability

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

Trustees' Indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

Organisational Structure

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports from its Committees for ratification and monitors the activities of the

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 10 committees as follows;

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

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

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Principal and Senior 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 SLT implement the policies laid down by the Trustees and report back to them on performance.

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

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

The performance and pay of the Principal is monitored and evaluated annually by the Principal Appraisal and

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Pay Review (PAPR) committee which is elected by the Trustees.

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

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

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

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

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

Connected Organisations, including Related Party Relationships

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The main objectives of the Academy during the period ended 31 August 2017 are summarised below:

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

Exmouth Community College's vision is:-

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

In order to achieve this, we will:

- offer a broad, inclusive curriculum which enriches students' education and provides them with the opportunity to discover, develop and achieve their potential, whether academic, sporting, cultural or aesthetic;
- prepare them for the next stage of their life; be it work or further education;
- provide a safe, secure, environment in which students develop consideration for others, self-discipline and positive relationships;

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**TRUSTEES' REPORT (continued)
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- strive continuously to establish the best possible site and resources;
- provide excellent teaching and learning from teachers and staff who relish the opportunity to work in our College, because they feel inspired, valued and supported to do the best they can for their students;
- *engage with parents and carers, using effective communication channels to ensure that they are: well informed, able to support their child's education and have the means to raise any concerns they may have;*
- *build and maintain links with the wider community to enable them to support the College across a range of activities.*

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

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its statement of intent which is "Governors will establish, maintain, manage and develop the College 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 aims for 2017/2018 include:-

- Improve the outcomes for vulnerable learners including disadvantaged and SEND students in order to bring their achievement into line with all other students
- Improve attainment and progress in Ebacc subjects including Science, Geography, History and French
- Ensure effective provision, in particular vocational education for Post 16 students with a continued improvement in recruitment, retention and outcomes
- Further improve the quality of teaching and learning at the College to ensure that it is of at least a consistently good quality
- Review our curriculum offer throughout Key Stage 4 and Post 16 to ensure it continues to meet the needs of the students and priorities for the Department of Education.
- Within the improvements to teaching and learning ensure that feedback is given frequently, is high quality and that students ensure that improvements to their work are carried out.
- Maintain a robust system to performance management to secure further improvements in teaching and subsequently outcomes.
- Improve overall attendance to at least the Devon average and particularly for vulnerable learners.
- Build capacity for the future by continuing to work on long term accommodation needs and solutions.
- Through the determined implementation of a well thought out containment plan based on staffing reviews ensure that the College works towards a balanced budget over the next three years.
- Work to secure the site by ensuring that we implement a system which allows the main gates on each site to be closed throughout the day.
- Further developing leadership at all levels across the College to ensure that the issue of within school variation between departments is reduced.

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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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

During the year and continuing into 2017/18 the Trustees will be actively investigating the possibility of becoming a Multi Academy Trust and considering how this might benefit the College and our students.

Achievements and Performance

The Academy has, in agreement with Devon County Council agreed to admit 390 students each year from September 2017.

A level results have continued to improve from last year. We have achieved our best ever results in most major areas, with a slight dip in Technical. Students and staff have achieved a fantastic 99% pass rate and an amazing 19% A* to A grades, with 72% of all grades being A-C.

Vocational and BTEC results have again shown a massive improvement: a tribute to the efforts of all involved. The average grade achieved by our Applied course students was a low Distinction, while the average grade achieved by our Technical level students was a Distinction Star. This is highly pleasing for a College totally committed to comprehensive education.

The Academy GCSE results in August 2017 saw the College achieve an Attainment 8 score of 41.34. 59% 5 A*-C including English and Maths with 72% achieving expected progress in English and 74% achieving expected progress in Maths (Key Stage 2 to 4). In addition 64% of students achieved a 4 (standard pass) or above in both Maths and English.

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

Exmouth Community College offers a broad and balanced curriculum as set out in the 'Exmouth Curriculum' document which is presented to Trustees in May each year. This provides the breakdown of subjects and courses available to students. The 2017/2018 Curriculum has been designed to ensure it reflects the requirements of the new National Curriculum (which started in September 2014), the new GCSEs in English and Mathematics (started in September 2015) and reformed GCSE in additional subjects (started in September 2016) The curriculum is also clearly differentiated and shows the provision for the most able and those with additional needs.

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

- All new and current staff attended Safeguarding training either during the first two non contact days in September or on subsequent new staff inductions
- Teaching staff have received training on the curriculum and new specification GCSEs and A Levels within their subject areas
- Rolling programme of Emergency First Aid at Work training continues, with (32) members of staff undertaking a 1 day course provided by Edson Tiger
- Safer Recruitment Refresher and Child Protection Refresher training has been undertaken by members of the Senior Leadership team (SLT) and Trustees as required
- In-house training given to teach colleagues to enhance their coaching and mentoring skills for PGCE students, NQTs and new members of staff
- Diverse range of training courses attended by staff including; Summer & Winter Moorlands Camping/Walking Leader, Outdoor First Aid, Devon Advanced Autism Training, Behaviour Management for New Staff, Subject Leaders Network Meetings, Learn to Behave - Behave to Learn, PST Development Training, Reading Levels - Progress 8 & GCSEs, Introduction to Handball, EH4MH (Early Help for Mental Health), VMware Vsphere 6.5, Radiation Protection Training, Wetplate Workshop, Books Open Minds, Asdan Scopee and Speaking and Writing.
- The Premises Team continue to update their Health & Safety training requirements, including Asbestos

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- Awareness and Legionella Awareness
- Rolling programme of Manual Handling training initiated, with (76) members of staff undertaking an online training course
- The Catering Team continue to update their Food & Hygiene training requirements
- Teaching Assistant (TA) staff attended Sounds Write training
- Four TAs attended Moving & Handling of Children with Physical Difficulties
- Three members of support staff have taken the opportunity of undertaking an NVQ and are due to complete their courses by the end of this academic year
- One member of support staff has completed their NVQ
- HR members have attended seminars such as; School Workforce Census, Employment Law Update, managing Absence at Work
- The Technology Department are keeping relevant training up to date on various pieces of machinery
- Information shared with all staff to include the PREVENT Duty Presentation, Epipen Training Video and Lifesaver App, Emergency Evacuation induction/Refresher. Asbestos Induction, Working at Height
- Four member of staff and one casual member of staff refreshed their minibus driving certification
- Overall feedback taken from training evaluation forms received (based on 88 forms received);

Content	Delivery	Value for Money
Outstanding (47%)	Outstanding (44%)	Excellent (78%)
Good (50%)	Good (47%)	Satisfactory (7%)
Needs Improvement (3%)	Needs Improvement (3%)	Poor (1%)
Cause for Concern (0)	Cause for Concern (0)	No Applicable (0)

During the year the Academy received the following income as a result of successful grant applications made in 2016/17:-

- We were successfully awarded condition improvement funding £161,843 to refurbish and replace fire doors on the campus.
- Received locality grant funding of £1,881 towards PE equipment.

The Academy successfully negotiated funding for the following initiatives in 2016/17:-

- Claimed Gift Aid to the value of £10,000.
- Commenced negotiations for the sale of the Cottage and are in the process of seeking secretary of State approval to dispose of this asset.
- Negotiated £47,000 from the local authority to contribute towards advance design fees for phase two of the new Maths block.
- Received press and publicity services from Norfolk Property Services for the marketing of Phase 1 of the new Maths Block which was officially opened in September 2017.

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

The Academy has been working in partnership with the Education Skills Funding Agency partners to undertake a feasibility study in order to determine the size and location of the replacement Humanities, Science and Design and Technology rooms estimated between c£15 - £18 million.

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) there is no restriction on carry forward as this was amended via deed of variation in 2016/17. In period under review, £1,373,664 was carried forward representing 12.5% of GAG.

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**TRUSTEES' REPORT (continued)
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As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 were 2292 a decrease of 99 over 2015. The College is aware of falling demographics in the medium term and are planning for this financially however, from 2019/20 onwards pupil numbers are set to rise significantly. This projection is supported by the local authority admission numbers in the local primary schools.

The Academy received 100% good and high reports from the Responsible Officer visits undertaken during the year.

The following KPI's were advised to the Trustees when the budget was prepared for 2016/17:-

Key Performance Indicator	Set as per agreed budget	Achieved
Pupil teacher ratio	16.40	16.14
Percentage of staffing costs to GAG income	89.5%	91.0%
Percentage of staffing costs to Total Income	84.2%	81.8%
Percentage of salary Costs as % of Total expense	81.6%	75.0%

A Health and safety review was undertaken in June 2017 by Devon Health and Safety and Wellbeing Services. The review is designed to measure the extent to which the academy's health and safety management arrangements comply with legislation, Approved Codes of Practice (ACoP) and established best practice, and to identify any gaps with these standards. The purpose of the review is to assist the Headteacher/Principal and Employing Body in discharging their duty to monitor health and safety performance within the establishment and to ensure that a process of continual improvement is achieved.

The review includes identification of good practice and control measures already in place. The College scored 94% in this review which is a very high standard an action plan to address issues identified was put in place and all recommendations have been fully complied with.

Attendance - 93.5%

Number of fixed term exclusions - FTE – 488 days

% of boys and girls achieving a standard pass (4) or above in English Language or Literature:-

Boys - 62%
Girls – 83%

% of boys and girls achieving a standard pass (4) or above in Maths:-

Boys 72%
Girls 76%

Here are the KPI figures for 2017 as a comparison to last year:-

5 A*-C at GCSE - 61% for 2017 compared to 61% for 2016
5 A*-C including English and Maths - 59% for 2017 compared to 59% for 2016

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

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Year 11 (2017)	Cohort	Att. 8 score	% 9 – 7 (A*-A) In English	% 9 – 7 (A*-A) In Maths	% 9 – 5 (A*-C strong pass) In English	% 9 – 5 (A*-C strong pass) In Maths	% 9 – 5 (A*-C strong pass) In English and Maths	% 9 – 4 (A*-C standard pass) In English	% 9 – 4 (A*-C standard pass) In Maths	% 9 – 4 (A*-C pass) In English and standard Maths	% Entered for EBACC	% Achieving EBACC of entrants
All Pupils	381	41.34	16	16	57	53	41	73	75	64	14	73
Boys	192	38	9	16	43	53	35	62	72	57	7	77
Girls	189	43	23	15	71	53	48	83	77	71	21	72
SEND	62	25	1	3	20	29	15	38	46	31	5	33
Disadvantaged pupils	75	33.23	4	7	41	37	25	59	60	49	5	75

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 2017 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 which 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 2017, excluding fixed asset and pension reserves, the Academy received total income of £12,813,898, incurred total expenditure of £12,956,581 and made transfers to fixed asset funds of £109,563. The excess of expenditure over income for the year (excluding fixed asset and pension reserves) was £252,246.

At 31 August 2017 the net book value of fixed assets was £27,186,994 and movements in tangible fixed assets are shown in note 13 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 31 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 23 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 four internal audit visits from the Responsible Officer which contained no matters of significance.

Reserves Policy

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

The Trustees have determined that the appropriate level of free reserves should be approximately £3,000,000.

**TRUSTEES' REPORT (continued)
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The primary reason for this is to provide sufficient working capital to cover the fall in pupil numbers over the next three years and to protect staffing levels in the short term thus avoiding the need to incur redundancy costs. Total reserves of the academy amount to £24,019,652, although £20,966,439 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £3,053,213 (representing £1,679,549 unrestricted funds and £1,373,664 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy. This represents 3 months of normal recurring expenditure.

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

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

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

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

Principal Risks and Uncertainties

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

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 91% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

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

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

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

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer/internal audit to carry

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area. The Director of Finance & Resources undertakes an annual review of the ESFA recommended Fraud checklist and ensures that any training offered by the academies banking provider in respect of fraud prevention is shared with the Finance Team

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

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

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

Risks to revenue funding from a falling roll are high in the medium term, this is a result in local demographics, the freeze on the governments overall education budget, loss of ESG funding, changes to funding arrangements for special education needs, the introduction of the national living wage, introduction of the apprenticeship levy and unfunded inflationary increases linked to pay awards mean that budgets will be an increasing concern. This has also been compounded by the local authority imposed reduction of £33 per pupil to fund the local authority shortfall in SEND funding. In addition to all of the above is the uncertainty of changes planned to the funding formula as a consequence of the recent consultation adds to the financial instability. This makes financial planning in the medium and longer term very difficult. The College has in place robust containment plans to address the medium term fall in pupil numbers and reduction in education funding which must be robustly delivered by the Accounting Officer and the Senior Management Team all of whom receive regular financial updates on the financial performance of the Academy. In addition the Trustees have adopted a stringent approach to accumulating reserves whilst balancing the educational needs of the students currently on roll. In the longer term the pupil numbers are set to rise by demographics and housing growth, however budget forecasts are based on known demographics and not any assumed housing growth until the planning permissions granted have actually been delivered. The Trustees will actively review the financial performance against the proposed budget containment plans which they expect the management team to deliver.

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

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

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Staff Consultation and Disability for Employees

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

cover all such aspects.

Disability

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

TRUSTEES INDEMNITIES

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

PLANS FOR FUTURE PERIODS

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

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

To further develop our teaching and learning strategies and improve outcomes, the Principal will be actively seeking to work with other Teaching School Alliances and other networks across the region to share and disseminate best practice.

Following the notification of a successful capital funding bid, the Academy will commence upgrades and replacements to fire doors throughout the campus. The Board of Trustees plans to contribute £30,000 towards this project which is expected to be completed by November 2017.

The Academy is working to address future known basic need requirements, as identified by Devon County Council. Work has already been completed on phase 1 of the 10 year strategic development plans. The local authority has contributed £47,000 to fund additional advance design fees in respect of phase two which has enabled the scheme to be ready for tender, it is anticipated that Phase 2 will commence on site in February 2018.

The Academy is currently working with the Education Skills Funding Agency project team to scope the successful Priority Schools Funding Programme 2 project which will see the demolition and rebuild of the humanities and Science rooms and design technology rooms on the Gipsy lane site, this work is anticipated to commence in the summer of 2018.

The Academy is also working towards the compilation of the 2018/19 Condition Improvement grant applications.

The Academy is considering options appraisals linked with the disposal of the Cottage which is due for demolition, Secretary of State approval will have to be sought prior to any sale taking place, a business case is currently being compiled.

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

AUDITORS

In so far as the Trustees are aware:

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 5 December 2017 and signed on the board's behalf by:



**Margaret Turgoose
Chair of Trustees**

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Exmouth Community College has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Jill Elson, Chair (until 31 August 2017)	7	7
Lesley Miszewska, Vice chair	6	7
Tony Alexander, Principal	7	7
Clare Babbage	6	7
Samantha Collett	1	2
Ray Davison	5	7
Vivien Duval-Steer	6	7
Lyn Edwardson	6	7
Andrew Gelling	7	7
Ann Grange	0	0
Kim Johnson	6	7
Ruth Jones	5	7
Roger Lawrence	4	7
Ian MacQueen	4	7
Clair McColl	5	7
Malcolm McDonagh	3	3
Robert Mitchell	7	7
Vicky Raven	2	3
Marianne Skinner	6	7
Anna Stimson	7	7
Margaret Turgoose, Chair (from 1 September 2017)	6	7
Philip Wales	6	7
Andrew Davis	0	0
Anna Streather	0	0
Sally Webster	0	0

This year saw the retirement of Roger Lawrence, Community Governor after 15 years of service and Viv Duval Steer after 6 years. Jill Elson is standing down as the Chair of Governors but will be remaining as a Governor at the College. Jill will Chair the newly formed Resources Committee (a combination of the Finance and Premises committees). Ann Grange and Samantha Collett resigned as parent governors and Malcolm McDonough and Vicky Raven were elected as parent governors.

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

1. Following Mr Alexander's announcement to retire on 31.08.17 the Governing Board were involved in the recruitment of a new Principal, which took place in March 2017. The process saw the appointment of Mr Andrew Davis as from 01.09.17.

GOVERNANCE STATEMENT (continued)

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

"Governance within the Academy continues to be very well managed and clearly demonstrated – it remains evident that Governors, Senior Management, Finance staff and the Clerk to Governors are all extremely dedicated and have spent considerable time and effort in continuing to support the Academy, hence a high standard of assurance being provided in this area. This first key financial systems review of 2016-17 reviewed the Governing Body framework as well as the scheme of delegation which encompasses the governance structure and Finance Policy, which sets out the financial framework of the Academy. Furthermore, Governors' minutes were reviewed and are considered very good quality and clearly record Governor business and decision-making, this is much to the credit of the Academy and in particular to the Clerk to Governors. It is also pleasing to note that a review of the Academy website confirmed that all of the statutory information and documentation is posted on there." and judged this to be of a "high standard" with no recommendations for action.

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

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

Key actions taken by the Board this year have been:

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

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Clare Babbage, Chair during the year	5	5
Ruth Jones, Vice Chair	4	5
Tony Alexander, Principal	4	5
Ray Davison	4	5
Lesley Miszewska	5	5
Roger Lawrence	2	5
Jill Elson	5	5
Ian Macqueen	3	5
Clair McColl	2	5
Robert Mitchell	5	5
Vivien Duval-Steer	4	5
Vicky Raven	1	2
Andrew Gelling	3	5
Malcolm McDonagh	0	2
Margaret Turgoose	3	5

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

**EXMOUTH COMMUNITY COLLEGE
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

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

REVIEW OF VALUE FOR MONEY

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

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

- Robust financial governance and budget management by reducing in year budget deficit.
- Active and regular review of budget containment plans
- Value for money purchasing.
- Reviewing controls and managing risk.
- Not allocating time/resources to areas where few improvements can be achieved.
- Making comparisons with similar Academies using data provided by the ESFA and the Government and Kreston benchmarking reports.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively.
- Reviewing the premises structure.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.
- Reviewing the tendering and procedure policy limits in line with other local academies.

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 2016 to 31 August 2017 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 2016 to 31 August 2017 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:

GOVERNANCE STATEMENT (continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- provision on monthly management accounts which are scrutinised by the Chair of the Finance Committee;
- Regular review of the medium and longer term financial forecasts;
- Regular scrutiny of financial KPIs;
- regular reviews by the Finance 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:
- annual Review of the fraud checklist
- robust scrutiny by the Responsible Officer;
- external Audits received from the Fire Protection Officer and Devon County Council Facilities Management audit.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Devon Audit Partnership to undertake the Responsible Officer role. The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a semi-annual basis, the Responsible Officer reports to the Board of trustees on the operation of the systems of control and on the discharge of the Board of trustees' financial responsibilities.

Visit 1 December 2016

Governance Accounting and Financial Review	High Standard
Accounting and Financial Control - Anti Fraud	High Standard
Internal Financial Control – Salaries, Wages and Expenses	High Standard
Internal Financial Control – Assets	High Standard

Visit 2 – Feb 2017

Census Audit	High Standard
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Visit 3 – May 2017

Internal Financial Control - Income	High Standard
Internal Financial Control - Purchasing and Payments	High Standard
Internal Financial Control - Contract & Tendering	Good Standard
Internal Financial Control – Investments	High Standard

Visit 4 – June 2017

Risk Management	High Standard
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The weakness identified in contracts and tendering was not in relation to the finance policy not being complied with but merely the finance policy required updating to ensure that all eventualities are covered in the few instances whereby not all contractors reply to a request for quotations. The Finance Policy has been updated to include that in these instances governor approval should be sought.

We consistently achieved best value on all other quotes obtained on other similar projects.

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:

On a at least termly basis, the responsible officer reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

**EXMOUTH COMMUNITY COLLEGE
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GOVERNANCE STATEMENT (continued)

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and no weaknesses were identified. The Accounting Officer is pleased by the high standards of internal control achieved.

Approved by order of the members of the Board of Trustees on 5 December 2017 and signed on their behalf, by:



**Margaret Turgoose
Chair of Trustees**



**Andrew Davis
Accounting Officer**

**EXMOUTH COMMUNITY COLLEGE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Exmouth Community College I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016 and also the work of my predecessor who was in post until 31 August 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 ESFA.



Andrew Davis
Accounting Officer

Date: 5 December 2017

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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



**Margaret Turgoose
Chair of Trustees**

Date: 5 December 2017

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

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

OPINION

We have audited the financial statements of Exmouth Community College for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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


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

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

13.12.17

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

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

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Exmouth Community College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Exmouth Community College and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Exmouth Community College's funding agreement with the Secretary of State for Education dated 1 April 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EXMOUTH
COMMUNITY COLLEGE AND THE EDUCATION AND SKILLS 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Tim Borton FCA (Reporting Accountant)

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

Date:

13.12.17

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	1,844	12,913	349,914	364,671	1,609,360
Charitable activities	5	1,019,012	11,656,214	-	12,675,226	12,983,518
Other trading activities	3	96,556	-	-	96,556	72,167
Investments	4	27,359	-	-	27,359	35,098
TOTAL INCOME		1,144,771	11,669,127	349,914	13,163,812	14,700,143
EXPENDITURE ON:						
Charitable activities		992,276	12,622,305	735,169	14,349,750	14,675,199
TOTAL EXPENDITURE	6	992,276	12,622,305	735,169	14,349,750	14,675,199
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	152,495	(953,178)	(385,255)	(1,185,938)	24,944
		-	(109,563)	109,563	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		152,495	(1,062,741)	(275,692)	(1,185,938)	24,944
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,698,000	-	1,698,000	(3,064,000)
NET MOVEMENT IN FUNDS		152,495	635,259	(275,692)	512,062	(3,039,056)
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,527,054	(5,753,595)	27,734,131	23,507,590	26,546,646
TOTAL FUNDS CARRIED FORWARD		1,679,549	(5,118,336)	27,458,439	24,019,652	23,507,590

The notes on pages 30 to 52 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		27,186,994		26,847,035
CURRENT ASSETS					
Stocks	14	7,020		7,067	
Debtors	15	599,464		1,300,524	
Investments	16	2,000,000		2,900,000	
Cash at bank and in hand		1,499,244		779,970	
			4,105,728	4,987,561	
CREDITORS: amounts falling due within one year					
	17	(781,070)		(795,006)	
NET CURRENT ASSETS			3,324,658		4,192,555
TOTAL ASSETS LESS CURRENT LIABILITIES			30,511,652		31,039,590
Defined benefit pension scheme liability	23		(6,492,000)		(7,532,000)
NET ASSETS			24,019,652		23,507,590
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	18	1,373,664		1,778,405	
Fixed asset funds	18	27,458,439		27,734,131	
Restricted funds excluding pension liability		28,832,103		29,512,536	
Pension reserve		(6,492,000)		(7,532,000)	
Total restricted funds			22,340,103		21,980,536
Unrestricted funds	18		1,679,549		1,527,054
TOTAL FUNDS			24,019,652		23,507,590

The financial statements on pages 27 to 52 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:



Margaret Turgoose
Chair of Trustees

The notes on pages 30 to 52 form part of these financial statements.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(156,982)	220,222
Cash flows from investing activities:			
Interest receivable		27,359	35,098
Purchase of tangible fixed assets		(1,063,322)	(2,398,297)
Capital funding received from DfE/ESFA and others		1,012,219	1,569,557
Net cash used in investing activities		(23,744)	(793,642)
Change in cash and cash equivalents in the year		(180,726)	(573,420)
Cash and cash equivalents brought forward		3,679,970	4,253,390
Cash and cash equivalents carried forward	21	3,499,244	3,679,970

The notes on pages 30 to 52 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 FUND ACCOUNTING

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

Donations are recognised on a receivable basis (where there are no performance related conditions) where receipt is probable and the amount can be reliably measured.

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

1.4 EXPENDITURE

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures, Furniture and Equipment-		20% straight line
Computer equipment	-	33% straight line
Leasehold land	-	over length of lease

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

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.

1.7 INVESTMENTS

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

1.8 OPERATING LEASES

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 TAXATION

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

1.11 DEBTORS

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

1.12 CASH AT BANK AND IN HAND

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

1.13 LIABILITIES AND PROVISIONS

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

1.14 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 PENSIONS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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

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

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

1.16 AGENCY ARRANGEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	1,844	12,913	-	14,757	39,803
Government capital grants	-	-	349,914	349,914	1,569,557
	<u>1,844</u>	<u>12,913</u>	<u>349,914</u>	<u>364,671</u>	<u>1,609,360</u>
<i>Total 2016</i>	<u>735</u>	<u>39,068</u>	<u>1,569,557</u>	<u>1,609,360</u>	

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	96,556	-	96,556	72,167
<i>Total 2016</i>	72,167	-	72,167	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	27,359	-	27,359	35,098
<i>Total 2016</i>	35,098	-	35,098	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Funding for educational operations	883,016	11,656,214	12,539,230	12,839,748
Nursery	135,996	-	135,996	143,770
	1,019,012	11,656,214	12,675,226	12,983,518
<i>Total 2016</i>	1,024,341	11,959,177	12,983,518	

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	11,066,057	11,066,057	11,242,066
Other DfE/ESFA grants	-	443,152	443,152	553,813
	-	11,509,209	11,509,209	11,795,879
Other Government grants				
High Needs	-	80,952	80,952	88,297
Other Government grants non capital	-	57,823	57,823	57,022
Income for hosting trainee teachers	-	8,230	8,230	11,981
	-	147,005	147,005	157,300
Other income from the academy trust's educational operations				
Internal catering income	489,791	-	489,791	499,745
Sales to students	4,048	-	4,048	3,222
Other	389,177	-	389,177	383,602
	883,016	-	883,016	886,569
	883,016	11,656,214	12,539,230	12,839,748
<i>Total 2016</i>	880,571	11,959,177	12,839,748	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational operations:					
Direct costs	8,539,798	574,024	1,383,257	10,497,079	10,744,591
Support costs	2,123,932	827,741	765,970	3,717,643	3,780,731
Nursery:					
Direct costs	126,032	-	3,871	129,903	121,433
Support costs	-	5,125	-	5,125	28,444
	10,789,762	1,406,890	2,153,098	14,349,750	14,675,199
<i>Total 2016</i>	10,644,223	1,866,625	2,202,708	14,713,556	

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. DIRECT COSTS

	Education £	Nursery £	Total 2017 £	Total 2016 £
Pension finance costs	165,000	-	165,000	158,000
Educational supplies	592,574	3,871	596,445	619,244
Examination fees	198,161	-	198,161	205,017
Staff development	23,060	-	23,060	19,691
Other costs	404,462	-	404,462	435,691
Supply teachers	27,888	-	27,888	38,357
Wages and salaries	6,398,002	105,037	6,503,039	6,703,413
National insurance	633,386	5,977	639,363	573,734
Pension cost	1,480,522	15,018	1,495,540	1,232,197
Depreciation	574,024	-	574,024	905,196
	10,497,079	129,903	10,626,982	10,890,540
<i>Total 2016</i>	10,744,591	121,433	10,866,024	

8. SUPPORT COSTS

	Education £	Nursery £	Total 2017 £	Total 2016 £
Recruitment and support	21,452	-	21,452	12,077
Maintenance of premises and equipment	105,406	-	105,406	166,862
Cleaning	254,595	-	254,595	248,374
Rent and rates	112,259	5,125	117,384	110,657
Energy costs	194,336	-	194,336	198,067
Insurance	48,829	-	48,829	63,665
Security and transport	83,732	-	83,732	79,951
Catering	337,481	-	337,481	292,526
Technology costs	82,041	-	82,041	64,494
Office overheads	132,620	-	132,620	154,747
Legal and professional	32,100	-	32,100	34,633
Bank interest and charges	1,225	-	1,225	1,077
Governance	26,490	-	26,490	28,663
Wages and salaries	1,782,199	-	1,782,199	1,778,643
National insurance	93,021	-	93,021	76,103
Pension cost	248,712	-	248,712	241,776
Depreciation	161,145	-	161,145	232,344
	3,717,643	5,125	3,722,768	3,784,659
<i>Total 2016</i>	3,780,731	28,444	3,809,175	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	735,169	1,137,540
Auditors' remuneration - audit	8,250	8,750
Auditors' remuneration - other services	3,700	2,617
Operating lease rentals	<u>160,626</u>	<u>149,541</u>

EXMOUTH COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	8,274,250	8,482,056
Social security costs	732,384	649,837
Operating costs of defined benefit pension schemes	1,744,252	1,473,973
	<u>10,750,886</u>	<u>10,605,866</u>
Apprenticeship levy	10,988	-
Supply teacher costs	27,888	38,357
	<u>10,789,762</u>	<u>10,644,223</u>

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

	2017 No.	2016 No.
Teachers	157	166
Administration and support	164	168
Management	7	9
	<u>328</u>	<u>343</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	136	148
Administration and support	103	102
Management	7	9
	<u>246</u>	<u>259</u>

The number of employees whose employee benefits (excluding employer national insurance and pension costs) exceeded £60,000 was:

	2017 No.	2016 No.
In the band £70,001 - £80,000	2	2
In the band £160,001 - £170,000	1	1

The key management personnel of the Academy comprise the governors (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Academy was £679,190 (2016: £811,210).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year ended 31 August 2017, expenses totalling £179 (2016: £64) were reimbursed to 1 Trustee (2016: 1).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment, and not in respect of their services as governors. Other governors did not receive any payments, from the academy in respect of their role as governors. The value of governors' total remuneration for the year (including employers pension contributions) was as follows: A K Alexander: Remuneration £165,000 - £170,000 (2016: £160,000 - £165,000), Employer's pension contribution £0 (2016: £0); R Mitchell: Remuneration £25,000 - £30,000 (2016: £25,000 - £30,000), Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000); A Gelling £40,000 - £45,000 (2016: £40,000 - £45,000) Employer's pension contribution £5,000 - £10,000 (2016: £0 - £5,000); M Skinner £40,000 - £45,000 (2016: £40,000 - £45,000) Employer's pension contribution £5,000 - £10,000 (2016: £5,000 - £10,000) and L Edwardson: Remuneration £50,000 - £55,000 (2016: £30,000 - £35,000), Employer's pension contribution £5,000 - £10,000 (2016: £5,000 - £10,000).

Other related party transactions are set out in note 25 to the financial statements.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2016	29,390,182	-	3,680,762	391,869	33,462,813
Additions	995,193	28,008	30,787	21,140	1,075,128
Disposals	-	-	-	(11,070)	(11,070)
At 31 August 2017	<u>30,385,375</u>	<u>28,008</u>	<u>3,711,549</u>	<u>401,939</u>	<u>34,526,871</u>
DEPRECIATION					
At 1 September 2016	2,754,534	-	3,535,802	325,442	6,615,778
Charge for the year	587,804	7,002	114,385	25,978	735,169
On disposals	-	-	-	(11,070)	(11,070)
At 31 August 2017	<u>3,342,338</u>	<u>7,002</u>	<u>3,650,187</u>	<u>340,350</u>	<u>7,339,877</u>
NET BOOK VALUE					
At 31 August 2017	<u>27,043,037</u>	<u>21,006</u>	<u>61,362</u>	<u>61,589</u>	<u>27,186,994</u>
At 31 August 2016	<u>26,635,648</u>	<u>-</u>	<u>144,960</u>	<u>66,427</u>	<u>26,847,035</u>

14. STOCKS

	2017 £	2016 £
Catering	<u>7,020</u>	<u>7,067</u>

15. DEBTORS

	2017 £	2016 £
Trade debtors	2,762	16,407
VAT repayable	96,615	108,737
Other debtors	17,914	1,083
Prepayments and accrued income	482,173	1,174,297
	<u>599,464</u>	<u>1,300,524</u>

16. CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Unlisted investments (liquid)	<u>2,000,000</u>	<u>2,900,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	188,660	356,840
Other taxation and social security	191,643	197,121
Other creditors	196,462	194,646
Accruals and deferred income	204,305	46,399
	<u>781,070</u>	<u>795,006</u>

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	16,397	124,397
Resources deferred during the year	84,449	16,397
Amounts released from previous years	(16,397)	(124,397)
Deferred income at 31 August 2017	<u>84,449</u>	<u>16,397</u>

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

18. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
Reserves	<u>1,527,054</u>	<u>1,144,771</u>	<u>(992,276)</u>	<u>-</u>	<u>-</u>	<u>1,679,549</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	1,777,236	11,014,032	(11,308,041)	(109,563)	-	1,373,664
Rates	1,169	52,025	(53,194)	-	-	-
Pupil Premium	-	428,614	(428,614)	-	-	-
SEN	-	80,952	(80,952)	-	-	-
Pupil Premium - Year 7 catch up	-	14,538	(14,538)	-	-	-
Stepping stones funding	-	57,823	(57,823)	-	-	-
Donations	-	12,913	(12,913)	-	-	-
Graduate Teaching Programme	-	8,230	(8,230)	-	-	-
Pension reserve	(7,532,000)	-	(658,000)	-	1,698,000	(6,492,000)
	<u>(5,753,595)</u>	<u>11,669,127</u>	<u>(12,622,305)</u>	<u>(109,563)</u>	<u>1,698,000</u>	<u>(5,118,336)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	23,413,381	-	(522,903)	-	-	22,890,478
Fixed assets purchased from GAG other restricted funds	96,221	-	(33,656)	109,563	-	172,128
DfE/ESFA Capital grants	3,229,279	207,631	(153,120)	-	-	3,283,790
Donation	24,000	-	(6,000)	-	-	18,000
Local Authority	861,000	142,283	(17,240)	-	-	986,043
Other capital grants	110,250	-	(2,250)	-	-	108,000
	<u>27,734,131</u>	<u>349,914</u>	<u>(735,169)</u>	<u>109,563</u>	<u>-</u>	<u>27,458,439</u>
Total restricted funds	<u>21,980,536</u>	<u>12,019,041</u>	<u>(13,357,474)</u>	<u>-</u>	<u>1,698,000</u>	<u>22,340,103</u>
Total of funds	<u>23,507,590</u>	<u>13,163,812</u>	<u>(14,349,750)</u>	<u>-</u>	<u>1,698,000</u>	<u>24,019,652</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
Reserves	1,413,379	1,132,341	(1,018,666)	-	-	1,527,054
	<u>1,413,379</u>	<u>1,132,341</u>	<u>(1,018,666)</u>	<u>-</u>	<u>-</u>	<u>1,527,054</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

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

RESTRICTED FIXED ASSET FUNDS

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

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

RESTRICTED FUNDS

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

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

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

Pupil premium and pupil premium year 7 catch up funding represents amounts received from the ESFA to

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

cater for disadvantaged pupils.

Stepping stones funding - Local Area Partnership funding from Devon County Council used to fund onsite REACH centre.

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

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

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

RESTRICTED FIXED ASSET FUNDS

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

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

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

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

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

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrest'd funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	27,186,994	27,186,994
Current assets	1,679,549	2,154,734	271,445	4,105,728
Creditors due within one year	-	(781,070)	-	(781,070)
Pension scheme liability	-	(6,492,000)	-	(6,492,000)
	<u>1,679,549</u>	<u>(5,118,336)</u>	<u>27,458,439</u>	<u>24,019,652</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	-	-	26,847,035	26,847,035
Current assets	2,322,060	1,778,405	887,096	4,987,561
Creditors due within one year	(795,006)	-	-	(795,006)
Provisions for liabilities and charges	-	(7,532,000)	-	(7,532,000)
	<u>1,527,054</u>	<u>(5,753,595)</u>	<u>27,734,131</u>	<u>23,507,590</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,185,938)	24,944
Adjustment for:		
Depreciation charges	735,169	1,137,540
Interest received	(27,359)	(35,098)
Loss on the disposal of fixed assets	-	37,804
Decrease in stocks	47	630
Decrease in debtors	38,755	414,098
Decrease in creditors	(25,742)	(168,139)
Capital grants from DfE and other capital income	(349,914)	(1,569,557)
Defined benefit pension scheme obligation inherited	-	220,000
Defined benefit pension scheme cost less contributions payable	493,000	158,000
Defined benefit pension scheme finance cost	165,000	-
Net cash (used in)/provided by operating activities	<u>(156,982)</u>	<u>220,222</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	1,499,244	779,970
Notice deposits (less than 3 months)	2,000,000	2,900,000
	<u>3,499,244</u>	<u>3,679,970</u>

**EXMOUTH COMMUNITY COLLEGE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. CAPITAL COMMITMENTS

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>141,059</u>	<u>852,434</u>

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £154,139 were payable to the schemes at 31 August 2017 (2016: 140,558) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £895,841 (2016: £912,044).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £544,000 (2016: £512,000), of which employer's contributions totalled £412,000 (2016: £387,000) and employees' contributions totalled £132,000 (2016: £125,000). The agreed contribution rates for future years are 15.4% plus £78,000 per annum for employers and 5.5 - 8.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	23.4	22.9
Females	25.5	26.2
Retiring in 20 years		
Males	25.7	25.2
Females	27.9	28.6

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	261,000	277,000
Discount rate -0.1%	(267,000)	(283,000)
Mortality assumption - 1 year increase	(397,000)	(323,000)
Mortality assumption - 1 year decrease	384,000	315,000
CPI rate +0.1%	(223,000)	(52,000)
CPI rate -0.1%	218,000	52,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities and gilts	3,366,000	2,988,000
Debt instruments	134,000	127,000
Property	472,000	476,000
Cash	127,000	82,000
Target return portfolio	803,000	684,000
Infrastructure and alternative assets	502,000	471,000
Total market value of assets	<u>5,404,000</u>	<u>4,828,000</u>

The actual return on scheme assets was £603,000 (2016: £555,000).

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

	2017 £	2016 £
Current service cost	(905,000)	(607,000)
Interest income	107,000	159,000
Interest cost	(272,000)	(317,000)
Total	<u>(1,070,000)</u>	<u>(765,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	12,360,000	7,854,000
Current service cost	905,000	607,000
Interest cost	272,000	317,000
Employee contributions	132,000	125,000
Actuarial (gains)/losses	(1,640,000)	3,458,000
Benefits paid	(133,000)	(1,000)
Closing defined benefit obligation	<u>11,896,000</u>	<u>12,360,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	4,828,000	3,764,000
Interest income	111,000	161,000
Actuarial losses	58,000	394,000
Employer contributions	412,000	387,000
Employee contributions	132,000	125,000
Benefits paid	(133,000)	(1,000)
Administration expenses	(4,000)	(2,000)
	<u>5,404,000</u>	<u>4,828,000</u>
Closing fair value of scheme assets	<u>5,404,000</u>	<u>4,828,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	197,459	165,499
Between 1 and 5 years	104,986	262,529
Total	<u>302,445</u>	<u>428,028</u>

25. RELATED PARTY TRANSACTIONS

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

Remuneration received by Trustees is disclosed in note 11.

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

26. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £48,697 and distributed £49,181 from the fund. An amount of £21,972 is included in other creditors relating to undistributed funds that is repayable to ESFA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

27. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at amortised cost	<u>3,703,865</u>	<u>4,617,882</u>
Financial liabilities measured at amortised cost	<u>347,400</u>	<u>423,111</u>

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

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

28. MEMBERS' LIABILITY

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

29. GENERAL INFORMATION

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