

Registration number: 10428979

# Exeter Learning Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 14 October 2016 to 31 August 2017

Thompson Jenner LLP  
Statutory Auditor  
1 Colleton Crescent  
Exeter  
Devon  
EX2 4DG

# **Exeter Learning Academy Trust**

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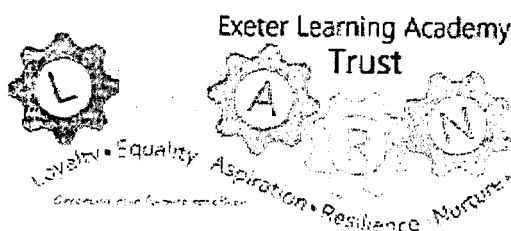
## **Exeter Learning Academy Trust**

### **Reference and Administrative Details**

<b>Members</b>	Mr A Burrows (appointed 14 October 2016) Mr R Edwardson (appointed 14 October 2016) Mr I Guy (appointed 14 October 2016 and resigned 14 April 2017) Ms C Quick (appointed 14 October 2016) Rev M Nightingale (appointed 14 October 2016 and resigned 22 May 2017)
<b>Trustees (Directors)</b>	Mr L Montgomery (appointed 14 October 2016) Ms O'Meara (appointed 14 October 2016) Mr O Raud (appointed 14 October 2016) Ms E Walker-Brown (appointed 14 October 2016) Mr M Laver (appointed 14 October 2016 and resigned 29 April 2017) Rev M Nightingale (appointed 14 October 2016 and resigned 4 October 2017)
<b>Chief Executive Officer</b>	Mr J Stone
<b>Senior Management Team</b>	Mr J Stone, Chief Executive Officer Ms A Grant, Business Manager Mrs D Buckingham, School Improvement Officer
<b>Principal and Registered Office</b>	St Thomas Primary School Union Street Exeter Devon EX2 9BB
<b>Company Registration Number</b>	10428979
<b>Auditors</b>	Thompson Jenner LLP Statutory Auditor 1 Colleton Crescent Exeter Devon EX2 4DG
<b>Solicitors</b>	Tozers Broadwalk House Southernhay West Exeter Devon EX1 1UA

# Exeter Learning Academy Trust

## Trustees' Report



The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 14<sup>th</sup> October 2016 to 31<sup>st</sup> August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates four primary academies in the South West England. Its academies have a combined pupil capacity of 1295 and had a roll of 1214 in the school census on 5<sup>th</sup> October 2017.

### Structure, Governance and Management

#### Constitution

The Academy Trust 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 trust. The trustees of Exeter Learning Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Exeter Learning Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease 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

Trustees benefit from indemnity insurance purchased by the Academy Trust, from the Risk Protection Arrangement, to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000.

#### Method of Recruitment and Appointment or Election of Trustees

On incorporation, the first Trustees of the newly formed Academy were appointed for a term of four years from the date of incorporation.

The Academy's Board of Trustees comprises the Chief Executive Officer (who is a Headteacher), the School Improvement Officer (who is also a Headteacher), three Parent Trustees, a Foundation Trustee and a local authority trustee. In addition, the Secretary of State has the right under certain circumstances to appoint further trustees as provided for in the Articles of Association.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 12 Trustees, appointed under Article 50; and
- a minimum of 2 Parent Trustees elected or appointed under Articles 53-[56]/[56B] in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Article 101A.

## **Exeter Learning Academy Trust Trustees' Report (continued)**

The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. 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 those policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally (but in accordance with the Trustee Recruitment Policy) and is tailored specifically to the individual.

There is a Trustees' and LGBs away day organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. We also buy in to Babcock LDP Governors' Support Services which are well used by all four schools.

### **Organisational Structure**

The Board of Trustees meets at least four times a year. The Board has established an overall framework for the governance of the Academy and has determined the membership, terms of reference and procedures of the Audit and Finance Committee. It receives reports including policies from this Committee for ratification. It monitors the activities of the Committee through the minutes of their meetings. The Trust Executive Board also monitors, evaluates and reviews Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues. The committee also deals with premises and facilities issues, including Health and Safety matters and ICT. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

In this period there was one main committee as follows:

Audit and Finance Committee - this was formed in May 2017 and met twice in the year (in May and July). The Committee is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the internal auditors and recommending the annual budget, including staffing levels, for approval to the Trust Executive Board.

The committee also deals with personnel matters, and will monitor, evaluate and review Academy policy, practice and performance in relation to Personnel and staffing issues.

In addition, committees are formed on an ad hoc basis where required to cover other matters such as Exclusions.

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, and to appoint the Chief Executive Officer.

The Trustees are responsible for setting general policy, approving the Trust Improvement 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 senior staff appointments.

The members and Board of Trustees have devolved responsibility for day to day management of the Academy to the Chief Executive Office and School Improvement Officer, who make up the senior leadership team (SLT) of the Trust.

The SLT controls the Academy at an executive operational level, implementing the policies laid down by the Trustees and reporting back to them.

Some spending control is devolved to Headteachers and Local Governing Bodies, who are authorised in line with the

## **Exeter Learning Academy Trust Trustees' Report (continued)**

Scheme of Delegation. Headteachers are responsible for the appointment of all staff except Headteachers who are appointed by the Trust Executive Board.

The Academy Trust comprises four primary schools:

- Alphington Primary School
- Bowhill Primary School
- Ide Primary School
- St Thomas Primary School

Each school is an Academy in its own right forming part of the chain of academies within the Exeter Learning Academy Trust, with a single Board of Directors overseeing the whole academy chain.

The Chief Executive Officer is the Accounting Officer and Chief Financial Officer.

### **Arrangements for setting pay and remuneration of key management personnel**

The Pay Policy sets out the remuneration of the key staff. Local Governing Bodies are responsible for the school staff and the Trust Executive Board is responsible for the Trust Staff; the CEO, SIO and Business Manager. A remuneration committee is part of the Audit and Finance committee and each school has its own remuneration committee. Teachers' Pay and Conditions standards are used as well as job evaluation and performance appraisal outcomes against targets.

### **Related Parties and other Connected Charities and Organisations**

Some of the Trust Directors are still Directors of the Exeter Learning Trust (ELT). This is the former Trust body which our schools belonged to, prior to forming Exeter Learning Academy Trust. ELT was due to be closed down when ELAT schools converted but due to land conversion issues, this has not been able to be carried out yet. As soon as the land has transferred formally to ELAT ownership, these Directorships will cease and ELT will be closed as a Trust.

### **ELAT Objectives and Activities**

**Our vision:** Creating our Future Together

**Our Values:** Loyalty Equality Aspiration Resilience Nurture

**Our Rationale:** To build on and strengthen existing relationships between schools by making a commitment to school to school support and ensuring a more effective self-improvement structure in order to meet our aims.

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a chain of schools offering a broad range of curriculum for pupils of different abilities.

The aims of the Academy during the year ended 31 August 2017 are summarised below:

- to provide an outstanding education for each child in the Academy Trust
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to enhance the tertiary provision and outcomes.
- to develop the Academy sites so that they enable students to achieve their full potential.
- to ensure that every child enjoys fair access to a high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness and sustainability of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the Academy's capacity to manage change, and

## Exeter Learning Academy Trust Trustees' Report (continued)

- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Exeter Learning Academy Trust, we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents are part of an environment where high aspiration and standards are achieved as the result of the exemplary practice from the professionals in each of the schools.

**Our Aims:** Working together to ensure aspirational outcomes for all learners in the trust by:

- Maximising achievement
- Collaborating to share best practice
- Challenging and supporting each other
- Being forward thinking and outward looking
- Creating opportunities to improve the quality of provision
- Equipping learners to reason and think creatively

We are ambitious to grow our Trust for children aged 0-18 across the region. We will promote our school ethos and support mechanisms to other schools whilst the founding schools become embedded within the Trust and plan to expand to include other schools from the 2017/18 academic year.

We have established our Members and Trust Executive Boards and have appointed a Chief Executive Officer who is also the Accountable Officer for the Trust and a School Improvement Officer who is a registered local leader. We have also appointed a Trust Business Manager.

The Trust Executive Board is accountable for the capacity, standards, outcomes (especially vulnerable children) and safeguarding in each member school. The Trust firmly believes a model for school effectiveness is one that builds capacity and creates self-improving schools. We recognise that each school goes through 'seasons' with many factors that can impact on school effectiveness.

Our Trust strategy aims to promote these features to minimise the impact of a dip in school effectiveness by:

- Good and outstanding schools support others and grow capacity for school improvement.
- Schools support each other in collaborative partnerships – using strengths across schools.
- Building internal school improvement capacity and resilience.
- High standards of teaching ensure all pupils make good progress and pupils from disadvantaged backgrounds achieve age related expectations.
- Swift, decisive action where school performance and provision needs to be improved.

### **Objectives, Strategies and Activities**

The Academy's main strategy is to create and promote a happy and enriching learning environment by working in partnership with parents and the community that will inspire children to achieve high standards. The Academy hopes that by celebrating the children's achievements, helping them fulfil their potential, respecting their differences and encouraging kindness, consideration and respect for each other and their environment, we will foster self-esteem and provide a sound foundation for their future life. The Academy aims do it's very best to offer a broad and balanced curriculum and a large range of extra-curricular activities.

The Academy has reviewed its development plan and is setting a new three-year Business Plan, which details how it intends to achieve the aims and objectives. Our strategic objectives for the next three years are shown below:

1. **Enhancing governance for the Trust and all academies.** Ensuring the Trust Board and its Committees have sufficient skills and resources, act in the best interests of the Trust and demonstrate clarity of vision, sound financial management practices and effective oversight to achieve the best possible economies.
2. **Local Governing Bodies:** Ensure LGBs receive guidance and support to provide required strategic governance and assurance to the Trust Board.
3. **School Recruitment:** We plan to target schools in 3 phases over the next 3 years, starting with initial

## **Exeter Learning Academy Trust Trustees' Report (continued)**

discussions about the options for joining our Trust, due diligence checks for approval by the Trust Board and will then provide detailed support to enable a smooth transition to our Trust.

4. **School Improvement:** We will support all existing and future academies to achieve improved school effectiveness and progress for pupils. We will monitor and review schools and provide challenge and support to achieve improvements.
5. **Teaching and Learning:** We will ensure our academies provide the best teaching and learning across the Trust and support our teachers and pupils to achieve the best possible outcomes. Teaching will be at least good whilst aiming for outstanding. Progress will be at least good through clear analysis and intervention.
6. **Finance and Services:** We will ensure sound financial policies, procedures and controls are in place to enable robust financial governance. We will review services provide to schools and develop central, shared support services where appropriate, to minimise cost and maximise central support across schools. We will identify and manage opportunities to bid for additional funding for specific projects.
7. **Professional Development:** The Trust will ensure continuing professional development opportunities for staff to ensure they have the right skills to further improve teaching and learning and support each other to develop. Outstanding teachers will be identified and supported to share their expertise across the Trust. A central performance management model will be provided across the Trust.
8. **Partnerships:** We will build on existing partnerships to support our schools to develop school effectiveness, teaching and learning, and business opportunities.
9. **Marketing:** We will develop our marketing strategy and publish our ethos, plans and performance, with regular updates, to enable us to clearly show progress, opportunities and to attract other schools to join our Trust.

### **Public Benefit**

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

The Academy aims to advance for the public benefit, education in Exeter and the surrounding areas. In particular, but without prejudice to the generality of the foregoing, by estimating, maintaining, managing and developing schools, offering a broad curriculum for all.



## Exeter Learning Academy Trust Trustees' Report (continued)

### Strategic Report

#### Achievements and Performance

Below is an initial review of the headline data for the Exeter Learning Academy Trust using the un-validated data from the statutory tests and assessments for the academic year 2016/17. Some of the analyses is taken from the trust's tracking software that is currently only comparing 2000 primary schools whilst waiting for the release of the validated national data.

<b>Key Stage 2 – Attainment</b>				
	Alphington	Bowhill	Ide	St Thomas
Reading, writing and maths combined (% achieving higher standard)	63% (14)	67% (6)	85% (23)	50% (11)
Reading	75% (27)	73% (29)	92% (62)	75% (29)
Writing	79% (29)	76% (8)	85% (46)	50% (11)
Maths	71% (22)	82% (41)	92% (38)	75% (21)
<b>Key Stage 2 – Progress</b>				
Reading	-1.4	-0.5	+4.1	+2.1
Writing	-0.1	-2.7	+3.7	-1.7
Maths	-2.5	+1.4	+3.8	+0.7
<b>Key Stage 2 – Disadvantaged Attainment</b>				
	Alphington	Bowhill	Ide	St Thomas
Reading, writing and maths combined	80%	50%	100%	43%
Reading	80% (20)	58% (0)	100% (50)	71% (14)
Writing	80% (20)	67% (0)	100% (50)	43% (0)
Maths	80% (20)	58% (0)	100% (50)	71% (29)
<b>Key Stage 2 – Disadvantaged Progress</b>				
Reading	-3.4	-0.9	+5.4	+0.2
Writing	-0.7	-1.1	+4.9	-4.2
Maths	-3.2	-0.4	+4.1	+1.6

#### Strengths:

- All schools improved in their performance data in 2017.
- In 3 out of the 4 schools more children achieved the expected standard in reading, writing and maths when compared to other schools nationally.
- More children achieved the expected standard and the higher standard in reading, in all schools when compared to others nationally.
- Children at Ide achieved high standards and made strong progress.
- In 3 out of 4 schools the children made good progress in mathematics.
- In 3 out of 4 schools the attainment of disadvantaged children is broadly in line with or better non-disadvantaged children in the schools.

#### Areas to develop:

- Improve the progress of disadvantaged children across the trust.
- To ensure that the disadvantaged children reaching expected standards is comparable to other children nationally.
- To improve progress in writing across the trust especially in Bowhill and St. Thomas.
- Improve progress towards Greater Depth at Alphington.

## Exeter Learning Academy Trust Trustees' Report (continued)

Key Stage 1 – Attainment				
	Alphington	Bowhill	Ide	St Thomas
Reading, writing and maths combined	78%	49%	65%	50%
Reading	90%	69%	70%	61%
Writing	80%	56%	75%	57%
Maths	85%	69%	80%	57%
Year 1 – Phonics Screening				
	Alphington	Bowhill	Ide	St Thomas
Phonics	89%	87%	94%	84%
Foundation				
	Alphington	Bowhill	Ide	St Thomas
% achieving a GLD	77%	56%	67%	57%

### Strengths:

- High percentage of children achieving the expected standard in the phonics screening in all trust schools.
- High standards for Foundation and Key Stage 1 at Alphington.

### Areas to develop:

- To align Foundation baseline assessments process for trust schools.
- To increase the percentage of children achieving a Good Level of Development through Foundation.
- To ensure the percentage of children achieving the expected standard in Key Stage 1 is at least in line with National averages.

### Key Performance Indicators

The impact of our improvement strategy has been measured by the following KPIs:

- There is clear evidence that the outcomes for young people educated within the MAT are exceeding previous performance and national expectations (see headline data page 6)
- There is a well communicated strategic vision and business plan for the Trust.
- There is a clear accountability framework for the performance of the Trust that all staff understand, including what happens when key staff under-perform (annual staff surveys are in place to confirm understanding)
- There are clear quality assurance systems in place to improve consistency and performance.
- There is a Trust-wide school improvement strategy that recognises the different interventions needed at each stage of the improvement journey a school undertakes.
- There is a programme of school to school support, focused on the needs of individual academies.
- There is evidence of skilled management of Trust Risk indicators.
- There is evidence that our academies demonstrate excellent leadership, including governance, and this inspirational leadership will be shared across academies (school reviews enabled us to identify a central resource of potential shared leadership across the MAT)
- Our academies are able to accurately self-evaluate and have a culture of continuous improvement and high aspirations
- High-quality CPD of staff means our academies attract and retain the very best. Cluster groups have been set up to share information across the academies and to develop skills and expertise and recommend staff across schools.
- All academies are financially solvent, have reserves and submit five-year financial plans that are realistic, robust and do not produce a deficit financial position.

### Going Concern

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

### Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA 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

## **Exeter Learning Academy Trust Trustees' Report (continued)**

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 Financial Procedures.

During the period since the Academies converted to become Exeter Learning Academy Trust (from 1<sup>st</sup> January 2017 to 31<sup>st</sup> August 2017), total expenditure (excluding restricted fixed assets funds and pensions reserves) of £3,470,411 was covered by recurrent grant funding from the DfE, together with other incoming resources of £495,204. The excess of income over expenditure for the year excluding restricted fixed asset funds and pensions reserves was £543,762. The balance of the former schools' budget shares was transferred across on conversion.

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 24 to the financial statements.

Key financial policies adopted or reviewed during the year include the Financial Procedures which lay out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending.

### **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 cash reserves should ordinarily be no more than 5% for Academy Schools. The current total reserves are higher than this at the end of the first 8 months of trading since converting to an academy. Schools have not yet completed a full year and there is high uncertainty of pupil numbers and potentially reduced funding per pupil so this Trust has agreed to allow higher reserves in schools for the 2017/18 year, to be reviewed at the end of the year. The Academy's current level of reserves (total funds less the amount held in fixed assets and the restricted pension fund) is £543,762 of which £160,724 is unrestricted reserves.

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 may be invested in accordance with the Academy's Investment Policy Statement. The MAT does not currently hold any investments. The policy will be determined as need arises.

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees may authorise the opening of additional short term bank investment accounts or invest in individual fixed income securities such as Certificates of Deposit, U.K Treasury Bonds, and other similar instruments with an average duration of less than one year 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 investment shall therefore be with providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Chief Executive Officer and Business Manager in accordance with the Academy's Investment Policy Statement.

## Exeter Learning Academy Trust Trustees' Report (continued)

### Principal Risks and Uncertainties

Comprehensive risk analysis is undertaken at the Trust Audit and Finance Committee meetings and recommendations for improvements made to the Trust Executive Board. The main risks identified in the July 2017 Risk Register are:

1. Receive less income than budgeted due to reduced national funding
2. Receive less income than expected due to falling pupil numbers
3. Overall performance decreasing
4. Schools not improving significantly after targeted school improvement support
5. Increasing staff absence
6. Insufficient development of Trust results in lower budgets and negative view of Trust
7. Facilities and equipment in need of repair/replacement and insufficient funds to cover

### Plans for Future Periods

#### The current plans for the future include:

- Building a robust infrastructure.
- Refining and developing trust wide systems to enable effective school improvement.
- Developing the breadth of skills of the directors and ensuring the accountability structures have a positive impact.
- Raising standards and achieving good attainment and progress in all the academies.
- Growing the MAT so that systems are more sustainable and key roles can be developed.

### Funds Held as Custodian Trustee on Behalf of Others

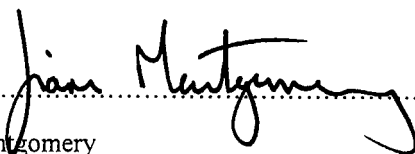
*The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.*

### Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18 December 2017 and signed on the board's behalf by:

Signed:   
Liam Montgomery

Chair of Trustees

Date: 18/12/17

## Exeter Learning Academy Trust Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Exeter Learning Academy Trust 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 Chief Executive Officer, 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 Exeter Learning Academy Trust 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 four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee Name	Attended	of a possible
Mr Liam Montgomery	4	4
Mr Justin Stone	4	4
Mrs Debbie Buckingham	4	4
Mrs Sarah O'Meara	3	4
Mrs Emma Walker-Brown	3	4
Mr Oliver Raud	3	4
Mr Mark Nightingale	2	4
Mr Martin Laver	2	2

*The Audit and Finance Committee is a sub-committee of the main Board of Trustees. The committee met regularly to consider the matters within its remit, including budgetary and financial matters, and to consider the internal auditor's reports.*

*Attendance at meetings in the year was as follows:*

Trustee	Meetings attended	Out of a possible
Mr Liam Montgomery	2	2
Mr Justin Stone	2	2
Mrs Debbie Buckingham	2	2
Mrs Sarah O'Meara	2	2
Mrs Emma Walker-Brown	2	2
Mr Oliver Raud	2	2
Mr Mark Nightingale	0	2

## **Exeter Learning Academy Trust Governance Statement (continued)**

The Academy Trust recognises the need to review the effectiveness of the Board of Trustees on an annual basis. The Board have developed a director skills matrix and the next self-evaluation will take place together with an external review of governance in Spring 2018.

### **Review of Value for Money**

As accounting officer, the *Chief Executive Officer* has responsibility for ensuring that the Academy Trust 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 trust'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 trust has delivered improved value for money during the year by:

- Strengthening financial oversight and governance to ensure costs are adequately controlled including the use of robust internal controls.
- The provision of centralised services to the 4 schools, thereby benefitting from economies of scale across the Academy Trust.

### **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 on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 Exeter Learning Academy Trust for the period 1<sup>st</sup> January 2017 (date the Academy Trust opened) 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 Trust 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1<sup>st</sup> January 2017 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Thompson Jenner LLP as the external auditor, with an additional internal auditor role and requirement to perform

## **Exeter Learning Academy Trust Governance Statement (continued)**

additional checks. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the auditor reports to the board of trustees, through the Audit and Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### **Review of Effectiveness**

As accounting officer the *Chief Executive Officer* has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

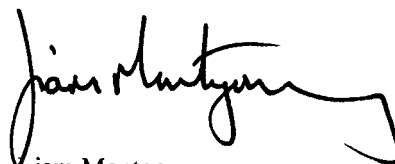
- the work of the internal and external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 18 December 2017 and signed on its behalf by:



Justin Stone  
Accounting Officer



Liam Montgomery  
Chair of Trustees

## Exeter Learning Academy Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Exeter Learning Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body 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.

I confirm that I and the Academy Trust Governing Body 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 Governing Body and ESFA.



.....  
Mr J Stone  
Accounting officer

Date: 18/12/17 .....



## Exeter Learning Academy Trust

### Statement of Trustees' Responsibilities

The Trustees (who act as the governors of Exeter Learning Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 on 18/12/17 and signed on its behalf by:

  
.....  
Mr J Stone  
Chief Executive Officer

## **Exeter Learning Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Exeter Learning Academy Trust**

#### **Opinion**

We have audited the financial statements of Exeter Learning Academy Trust (the 'Academy') for the period from 14 October 2016 to 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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'.

This report is made solely to the Academy's Trustees, 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 trustees 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 Trustees, 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 results for the period 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.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

- the 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Exeter Learning Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Exeter Learning Academy Trust (continued)**

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustee's Report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and financial statements.

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

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

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 15], the Trustees 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 or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

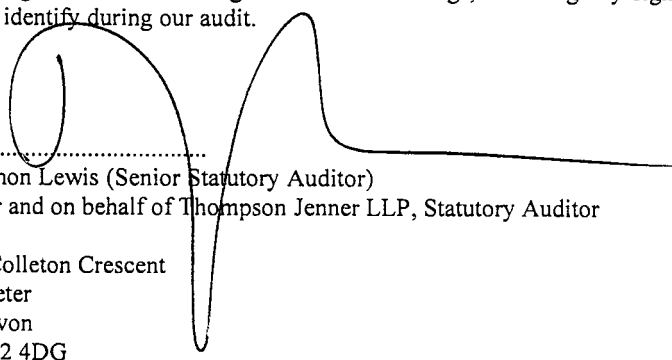
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## Exeter Learning Academy Trust

### Independent Auditor's Report on the Financial Statements to the Members of Exeter Learning Academy Trust (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....  
Simon Lewis (Senior Statutory Auditor)  
For and on behalf of Thompson Jenner LLP, Statutory Auditor

1 Colleton Crescent  
Exeter  
Devon  
EX2 4DG

Date: 21/12/17 .....

## **Exeter Learning Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Exeter Learning Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 25 April 2017 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 Exeter Learning Academy Trust during the period 14 October 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 Exeter Learning Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Exeter Learning Academy Trust 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 Exeter Learning Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 19 December 2016 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 period from 14 October 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 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

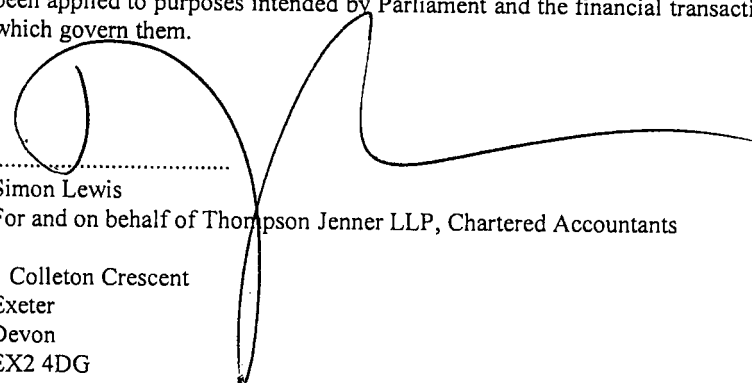
- Inspection and review of documentation providing evidence of governance procedures.
- Evaluation of the system of internal control for authorisation and approval.
- Performing substantive tests on relevant transactions.

**Exeter Learning Academy Trust**

**Independent Reporting Accountant's Report on Regularity to Exeter Learning Academy Trust 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 period from 14 October 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Simon Lewis

For and on behalf of Thompson Jenner LLP, Chartered Accountants

1 Colleton Crescent  
Exeter  
Devon  
EX2 4DG

21 December 2017

# Exeter Learning Academy Trust

## Statement of Financial Activities for the Period from 14 October 2016 to 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	10,720	49,861	45,460	106,041
Transfer from local authority on conversion		261,409	-	132,566	393,975
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	3,544,464	-	3,544,464
Other trading activities	4	172,511	-	-	172,511
Investments	5	703	-	-	703
Total		445,343	3,594,325	178,026	4,217,694
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	274,918	3,401,494	27,700	3,704,112
Net income		170,425	192,831	150,326	513,582
Transfers between funds		(9,701)	(15,793)	25,494	-
<b>Other recognised gains and losses</b>					
Opening defined benefit pension scheme liability		-	(2,073,000)	-	(2,073,000)
Actuarial gains on defined benefit pension schemes	24	-	(109,000)	-	(109,000)
Net movement in funds/(deficit)		160,724	(2,004,962)	175,820	(1,668,418)
<b>Reconciliation of funds</b>					
Total funds/(deficit) carried forward at 31 August 2017		160,724	(2,004,962)	175,820	(1,668,418)

The land and buildings associated with the Academy's schools have not been included in these accounts on the basis that the transfer from the Local Authority has not yet occurred. The transfer is due to take place in the current year and the relevant land and buildings will be brought in at that time. Thus, the overall deficit position shown above is the result of the absence of land and buildings together with the LGPS deficit position, as explained in note 24. The Trust is in a position of cumulative surplus in respect of the unrestricted fund and the general restricted fund.

**Exeter Learning Academy Trust**  
**(Registration number: 10428979)**  
**Balance Sheet as at 31 August 2017**

	Note	31 August 2017 £
<b>Fixed assets</b>		
Intangible assets	12	27,817
Tangible assets	13	<u>136,584</u>
		<u>164,401</u>
<b>Current assets</b>		
Stocks	14	5,943
Debtors	15	148,889
Cash at bank and in hand		<u>780,175</u>
		935,007
Creditors: Amounts falling due within one year	16	<u>(379,826)</u>
Net current assets		<u>555,181</u>
Total assets less current liabilities		<u>719,582</u>
Net assets excluding pension liability		719,582
Pension scheme liability	24	<u>(2,388,000)</u>
Net liabilities including pension liability		<u><u>(1,668,418)</u></u>
<b>Funds of the Academy:</b>		
<b>Restricted funds</b>		
Restricted general fund		383,038
Restricted fixed asset fund		175,820
Restricted pension fund		<u>(2,388,000)</u>
		(1,829,142)
<b>Unrestricted funds</b>		
Unrestricted general fund		<u>160,724</u>
Total funds		<u><u>(1,668,418)</u></u>

The financial statements on pages 21 to 45 were approved by the Trustees, and authorised for issue on ~~18/12/17~~ and signed on their behalf by:





## **Exeter Learning Academy Trust**

### **Statement of Cash Flows for the Period from 14 October 2016 to 31 August 2017**

	<b>Note</b>	<b>31 August 2017 £</b>
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	20	826,592
Cash flows from investing activities	21	<u>(46,417)</u>
Change in cash and cash equivalents in the period		780,175
Cash and cash equivalents at 14 October		<u>-</u>
Cash and cash equivalents at 31 August	22	<u><u>780,175</u></u>

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017**

#### **1 Accounting policies**

##### **Statement of accounting policies**

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

##### **Basis of preparation**

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.

Exeter Learning Academy Trust meets the definition of a public benefit entity under FRS 102.

##### **Conversion to an academy trust**

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from state maintained schools to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

##### **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 company 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.

##### **Income**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### ***Grants***

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

##### ***Sponsorship income***

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### ***Donations***

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

##### ***Other income***

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

##### ***Donated goods, facilities and services***

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

##### ***Transfer on conversion***

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 1 Accounting policies (continued)

##### *Transfer of existing academies into the trust*

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

##### *Donated fixed assets*

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

##### **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.

All resources expended are inclusive of irrecoverable VAT.

##### *Expenditure on raising funds*

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### *Charitable activities*

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

##### **Intangible fixed assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Amortisation method and rate
Software and licences	33% straight line

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Buildings	2% straight line
Furniture and Equipment	20% straight line
Computer Equipment	33% straight line

##### **Liabilities**

Liabilities 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 Trust 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**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### **Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

##### **Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

# **Exeter Learning Academy Trust**

## **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

### **1 Accounting policies (continued)**

#### **Taxation**

The Academy Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pension benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government 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 Trust 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 the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

#### **Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other 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/donor and include grants from the Education and Skills Funding Agency/Department for Education.

#### **Critical accounting estimates and areas of judgement**

Estimates and judgements 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.

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 1 Accounting policies (continued)

##### *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 24, 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.

#### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2017 £
<b>Other voluntary income</b>				
Educational trips and visits	-	49,861	-	49,861
Capital grants	-	-	45,460	45,460
Other donations	10,720	-	-	10,720
	<u>10,720</u>	<u>49,861</u>	<u>45,460</u>	<u>106,041</u>

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2017 £
<b>DfE/ESFA revenue grants</b>		
GAG	2,956,815	2,956,815
PE Grant	24,684	24,684
Universal Infant Free School Meals	125,200	125,200
Pupil Premium	194,337	194,337
Start up grant	139,917	139,917
	<u>3,440,953</u>	<u>3,440,953</u>

# Exeter Learning Academy Trust

## Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

### 3 Funding for the Academy Trust's educational operations (continued)

	Restricted funds £	Total 2017 £
<b>Other government grants</b>		
SEN	75,724	75,724
Early Years Funding	27,787	27,787
	<u>103,511</u>	<u>103,511</u>
Total grants	<u>3,544,464</u>	<u>3,544,464</u>

### 4 Other trading activities

	Unrestricted funds £	Total 2017 £
Hire of facilities	26,422	26,422
Catering income	49,488	49,488
Other sales	96,601	96,601
	<u>172,511</u>	<u>172,511</u>

### 5 Investment income

	Unrestricted funds £	Total 2017 £
Short term deposits	<u>703</u>	<u>703</u>

### 6 Expenditure

	Non Pay Expenditure			Total 2017 £
	Staff costs £	Premises £	Other costs £	
<b>Academy's educational operations</b>				
Direct costs	2,427,378	-	179,371	2,606,749
Allocated support costs	<u>556,676</u>	<u>218,168</u>	<u>322,519</u>	<u>1,097,363</u>
	<u>2,984,054</u>	<u>218,168</u>	<u>501,890</u>	<u>3,704,112</u>



# Exeter Learning Academy Trust

## Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

### 7 Charitable activities

		Total 2017 £
Direct costs - educational operations		2,606,749
Support costs - educational operations		1,097,363
		<u>3,704,112</u>
	Educational operations £	Total 2017 £
<b>Analysis of support costs</b>		
Support staff costs	556,676	556,676
Depreciation	27,700	27,700
Premises costs	190,468	190,468
Other support costs	316,399	316,399
Governance costs	6,120	6,120
Total support costs	<u>1,097,363</u>	<u>1,097,363</u>

### 8 Staff

#### Staff costs

	2017 £
<b>Staff costs during the period were:</b>	
Wages and salaries	2,235,888
Social security costs	162,791
Operating costs of defined benefit pension schemes	513,197
	<u>2,911,876</u>
Supply staff costs	72,178
	<u>2,984,054</u>

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **8 Staff (continued)**

##### **Staff numbers**

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

	<b>31 August 2017 No</b>
<b>Charitable Activities</b>	
Teachers	70
Administration and support	142
Management	3
	<hr/>
	215
	<hr/>

##### **Key management personnel**

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £137,231.

#### **9 Central services**

The Academy Trust has provided the following central services to its academies during the year:  
Finance, legal and HR.

The trust charges for these services on the following basis:

The Academy Trust has top sliced income from each school based on de-delegated and ESG funding at each school.

The actual amounts charged during the year were as follows:

	<b>31 August 2017 £</b>
Alphington Primary School	42,217
Bowhill Primary School	47,771
Ide Primary School	11,502
St Thomas Primary School	22,358
	<hr/>
	123,848
	<hr/>

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **10 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Mr J Stone (Accounting Officer):

Remuneration: £40,000 - £45,000

Employer's pension contributions: £5,000 - £10,000

Other related party transactions involving the trustees are set out in note 25.

#### **11 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.

# Exeter Learning Academy Trust

## Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

### 12 Intangible fixed assets

	Software £	Total £
<b>Cost</b>		
Additions	35,765	35,765
At 31 August 2017	35,765	35,765
<b>Amortisation</b>		
Charge for the year	7,948	7,948
At 31 August 2017	7,948	7,948
<b>Net book value</b>		
At 31 August 2017	27,817	27,817

### 13 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
Additions	28,131	19,381	9,303	56,815
Inherited assets	-	52,494	47,027	99,521
At 31 August 2017	28,131	71,875	56,330	156,336
<b>Depreciation</b>				
Charge for the year	-	9,137	10,615	19,752
At 31 August 2017	-	9,137	10,615	19,752
<b>Net book value</b>				
At 31 August 2017	28,131	62,738	45,715	136,584

### 14 Stock

	31 August 2017 £
Stock	5,943

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 15 Debtors

	31 August 2017 £
Trade debtors	13,041
VAT recoverable	17,758
Prepayments	68,664
Accrued grant and other income	49,426
	<u>148,889</u>

#### 16 Creditors: amounts falling due within one year

	31 August 2017 £
Other taxation and social security	63,208
Accruals	55,992
Deferred income	111,019
Pension scheme creditor	61,818
External Creditors	87,789
	<u>379,826</u>

	31 August 2017 £
<b>Deferred income</b>	
Resources deferred in the period	<u>111,019</u>

Deferred income relates entirely to universal infant free school meal money received in advance.

# Exeter Learning Academy Trust

## Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

### 17 Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>				
GAG	2,956,815	(2,584,048)	(4,079)	368,688
PE Grant	24,684	(24,684)	-	-
SEN	75,724	(75,724)	-	-
Early Years Funding	27,787	(27,787)	-	-
Pupil Premium	194,337	(194,337)	-	-
Universal Infant Free School Meals	125,200	(125,200)	-	-
Start Up Grant	139,917	(104,152)	(21,415)	14,350
Educational Trips	49,861	(59,562)	9,701	-
	<u>3,594,325</u>	<u>(3,195,494)</u>	<u>(15,793)</u>	<u>383,038</u>
<b>Restricted fixed asset funds</b>				
Inherited Fixed Assets	99,521	(17,448)	-	82,073
GAG Funded Fixed Assets	-	(4,924)	25,494	20,570
Devolved Formula Capital	29,365	-	-	29,365
School Fund (PTFA)	6,095	(813)	-	5,282
Big Lottery	10,000	(1,326)	-	8,674
Devolved Formula Capital on conversion	<u>33,045</u>	<u>(3,189)</u>	<u>-</u>	<u>29,856</u>
	178,026	(27,700)	25,494	175,820
<b>Restricted pension funds</b>				
Pension Liability	<u>-</u>	<u>(206,000)</u>	<u>(2,182,000)</u>	<u>(2,388,000)</u>
Total restricted funds	3,772,351	(3,429,194)	(2,172,299)	(1,829,142)
<b>Unrestricted funds</b>				
Unrestricted general funds	<u>445,343</u>	<u>(274,918)</u>	<u>(9,701)</u>	<u>160,724</u>
Total funds	<u>4,217,694</u>	<u>(3,704,112)</u>	<u>(2,182,000)</u>	<u>(1,668,418)</u>

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **17 Funds (continued)**

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

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Other DfE/ESFA Grants - This represents other various income received from the DfE/ESFA with restrictions.

Other Government Grants - This represents other various income received with restrictions.

Other Restricted Donations - This represents general donations to be used for the normal running of the Academy, including education and support costs and educational trip income.

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

#### **Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total £</b>
Alphington Primary School	183,155
Bowhill Primary School	223,924
Ide Primary School	13,695
St Thomas Primary School	56,537
Central services	<u>66,451</u>
Total before fixed assets and pension reserve	543,762
Fixed Assets	175,820
Pension Liability	<u>(2,388,000)</u>
Total	<u><u>(1,668,418)</u></u>

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 17 Funds (continued)

##### Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2017 £
Alphington Primary School	814,175	50,220	53,392	183,997	1,101,784
Bowhill Primary School	959,412	154,872	47,799	108,629	1,270,712
Ide Primary School	263,550	22,842	19,278	58,883	364,553
St Thomas Primary School	419,016	40,779	12,109	107,699	579,603
Central services	-	90,189	-	270,875	361,064
Academy Trust	<u>2,456,153</u>	<u>358,902</u>	<u>132,578</u>	<u>730,083</u>	<u>3,677,716</u>

#### 18 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Intangible fixed assets	-	-	27,817	27,817
Tangible fixed assets	-	-	136,584	136,584
Current assets	160,724	762,864	11,419	935,007
Current liabilities	-	(379,826)	-	(379,826)
Pension scheme liability	-	(2,388,000)	-	(2,388,000)
Total net assets	<u>160,724</u>	<u>(2,004,962)</u>	<u>175,820</u>	<u>(1,668,418)</u>



## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 19 Commitments under operating leases

##### *Operating leases*

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

	31 August 2017 £
Amounts due within one year	3,987
Amounts due between one and five years	<u>10,918</u>
	<u>14,905</u>

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2017 £
Net income	513,582
Amortisation	7,948
Depreciation	19,752
Capital grants from DfE and other capital income	(178,026)
Interest receivable	(703)
Defined benefit pension scheme obligation inherited	169,000
Defined benefit pension scheme finance cost	37,000
Increase in stocks	(5,943)
Increase in debtors	(148,889)
Increase in creditors	379,826
Cash transferred on conversion to an academy trust	33,045
Net cash provided by Operating Activities	<u>826,592</u>

#### 21 Cash flows from investing activities

	31 August 2017 £
Dividends, interest and rents from investments	703
Purchase of intangible fixed assets	(35,765)
Purchase of tangible fixed assets	(56,815)
Capital funding received from sponsors and others	45,460
Net cash used in investing activities	<u>(46,417)</u>

#### 22 Analysis of cash and cash equivalents

	At 31 August 2017 £
Cash at bank and in hand	780,175
Total cash and cash equivalents	<u>780,175</u>

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **23 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.

#### **24 Pension and similar obligations**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme 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 schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period. Contributions amounting to £(61,818) were payable to the schemes at 31 August 2017 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:

## **Exeter Learning Academy Trust**

### **Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)**

#### **24 Pension and similar obligations (continued)**

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £223,465.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

#### **Local government pension scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £204,000, of which employer's contributions totalled £162,000 and employees' contributions totalled £42,000. The agreed contribution rates for future years are 15.4 per cent for employers and 5.6 per cent for employees.

As described in the notes the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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.

# Exeter Learning Academy Trust

## Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

### 24 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	At 31 August 2017 %
Rate of increase in salaries	4.20
Rate of increase for pensions in payment/inflation	2.70
Discount rate for scheme liabilities	2.60
Inflation assumptions (CPI)	2.70
RPI increases	<u>3.60</u>

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

	At 31 August 2017
<b>Retiring today</b>	
Males retiring today	23.40
Females retiring today	25.50
<b>Retiring in 20 years</b>	
Males retiring in 20 years	25.70
Females retiring in 20 years	<u>27.90</u>

#### Sensitivity analysis

	At 31 August 2017 £000
Discount rate +0.1%	3,969
Discount rate -0.1%	4,172
Mortality assumption – 1 year increase	4,199
Mortality assumption – 1 year decrease	<u>3,943</u>

The Academy Trust's share of the assets in the scheme were:

	At 31 August 2017 £
Equities	995,000
Gilts	51,000
Other bonds	42,000
Property	147,000
Cash and other liquid assets	40,000
Other	<u>406,000</u>
Total market value of assets	<u>1,681,000</u>

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 24 Pension and similar obligations (continued)

The actual return on scheme assets was £89,000.

#### Amounts recognised in the statement of financial activities

	31 August 2017 £
Current service cost	330,000
Interest cost	37,000
Admin expenses	1,000
Total amount recognized in the SOFA	<u>368,000</u>

#### Changes in the present value of defined benefit obligations were as follows:

	31 August 2017 £
At start of period	3,404,000
Conversion of academy trusts	6,000
Current service cost	326,000
Interest cost	64,000
Employee contributions	41,000
Actuarial (gain)/loss	198,000
Benefits paid	30,000
At 31 August	<u>4,069,000</u>

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

	31 August 2017 £
At start of period	1,331,000
Interest income	115,000
Employer contributions	162,000
Employee contributions	41,000
Benefits paid	30,000
Effect of non-routine settlements	2,000
At 31 August	<u>1,681,000</u>

#### 25 Related party transactions

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

## Exeter Learning Academy Trust

### Notes to the Financial Statements for the Period from 14 October 2016 to 31 August 2017 (continued)

#### 25 Related party transactions (continued)

During the period the academy made the following related party transactions:

##### Tozers Solicitors

(Martin Laver, who was a director of the Trust until April 2017, is a partner of Tozers Solicitors)

Legal advice in connection with the Academy conversion has been obtained from Tozers. The amount invoiced by Tozers to the Trust during the year was £12,000, and an amount of £8,000 has been accrued at the year end. At the balance sheet date the amount due to Tozers Solicitors was £Nil.

#### 26 Conversion to an academy trust

On 1 January 2017 the Alphington Primary School, Bowhill Primary School, Ide Primary School and St Thomas Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Exeter Learning Academy Trust from the Devon Local Authority for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets				
Other tangible fixed assets	-	-	99,521	99,521
Budget surplus on LA funds	261,409	-	33,045	294,454
LGPS pension deficit	-	(2,073,000)	-	(2,073,000)
Net assets/(liabilities)	<u>261,409</u>	<u>(2,073,000)</u>	<u>132,566</u>	<u>(1,679,025)</u>

The above net liabilities include £261,409 that were transferred as cash.