

HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS/ TRUSTEES
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members and Trustees	M Clements S A Johnson J McCartney (resigned 11 May 2015) L Price, Chair G N Smith, Principal K Turner, Vice Chair K E Smith
Trustees	J Boland P Keeling C Vining R Shorter, Staff Trustee I Copeman G Donne-Davis M A Evans A S Holt, Staff Trustee (resigned 14 July 2015) M V Harman C Bowles, Staff Trustee (appointed 29 September 2014) S D Maplesden, Staff Trustee (appointed 15 July 2015) A Salter, Staff Trustee (resigned 26 September 2014)
Company registered number	07665387
Principal and Registered office	Honiton Community College Academy Trust School Lane Honiton Devon EX14 1QT
Company secretary	S L Matthews
Accounting officer	G N Smith
Executive Leadership Team	G N Smith, Principal A Holt, Vice Principal R Robson, Assistant Principal M C Adams, Assistant Principal M Millward, Assistant Principal (appointed April 2015) G Wills, Director of Finance (resigned July 2015) M Burrell, Director of Finance and Resources (appointed September 2015)
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers	Lloyds Commercial 234 High Street Exeter Devon EX4 3NL

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AND ADVISERS
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Administrative details (continued)

Solicitors	Foot Anstey LLP Salt Quay House 4 North East Quay Sutton Harbour Plymouth Devon PL4 0BN
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**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Honiton and the surrounding area. It has a pupil capacity of 792 and had a roll of 770 in the school census on 1 October 2015.

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 Honiton Community College Academy Trust are also the directors of the Charitable Company for the purposes of company law.

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

Members' liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense 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 £2M.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1 July 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re election or replacement process.

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

- up to 6 Trustees who are appointed by members;
- up to 6 Parent Trustees who are elected by Parents of registered pupils at the Academy;
- up to 3 Staff Trustees appointed by the Governing Body;
- the Principal who is treated for all purposes as being an ex officio Trustee; and
- up to 3 co-opted Trustees.

(providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees).

Trustees are appointed for a four year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

There is a Trustees' annual training session organised each year which aims to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets once each half term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 5 committees as follows:

Campus and Health and Safety Committee

The committee shall meet twice a term or otherwise as required.

Purpose: To oversee the allocation and use of Honiton Community College resources dedicated to the Campus, Health & Safety and the environment. To ensure a safe and appropriate environment for all students, staff and visitors now and in the future.

Area of Responsibility: Campus

- i) To provide support and guidance for the Principal on all matters relating to the College premises and grounds, security, health and safety and environmental issues.
- ii) To carry out an annual inspection of the premises and grounds and prepare a statement of priorities for maintenance and improvement (with reference to the Asset Management Plan). To include monitoring the delivery of recommendations made.
- iii) To approve the costs and arrangements for maintenance, repairs and redecoration within the budget allocation.
- iv) To ensure that the College complies with Health & Safety Regulations, taking advice when necessary.
- v) To oversee the preparation and implementation of contracts, ensuring best value principles are adhered to.
- vi) To agree a lettings policy.
- vii) To establish and keep under review a campus strategy covering the next 10 years.
- viii) To keep under review a rolling 3 year, costed, repairs plan.

Area of Responsibility: Health and Safety

- i) To agree a Health and Safety Policy appropriate to the needs of the College and to review this on an annual basis.
- ii) To assist the Board of Trustees and Principal to discharge their responsibilities under relevant legislation.
- iii) To consider model policies on Health and Safety and agree policies for adoption.
- iv) To ensure that the necessary college management organisation is in place to implement the policy.
- v) To monitor the effectiveness of the College's Health and Safety arrangements.

Area of Responsibility: Dining Room and Catering

- i) To monitor the contract with Innovate & ensure College needs are met.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

- ii) To ensure (taking advice when necessary) that nutritional standards are met.
- iii) To periodically ascertain student views of the service.
- iv) Meet with the Catering Manager on a regular basis.

Curriculum Committee

The committee shall meet twice at least once a term or otherwise as required.

Purpose: The Curriculum Committee shall monitor curriculum pathways and student success rates.

Area of Responsibility:

- i) To report to the Board of Trustees on the implementation of the College's curriculum statement, taking in to account, national initiatives and accountability structures.
- ii) With the staff, to monitor how the curriculum is taught, its effectiveness and how it is resourced.
- iii) To review the College policies appropriate to the committee and make any recommendations to the Board of Trustees.
- iv) To review any information about the College's performance and to report back to the Overview and Scrutiny Committee and the Full Board of Trustees.
- v) To contribute to the College Improvement Plan and to monitor its implementation within the scope of this committee.
- vi) To ensure that all Trustees develop a clear understanding of how the College curriculum is delivered.
- vii) The committee will liaise with other committees as appropriate.
- viii) To ensure that the requirements of all students are met. In particular ensuring that those students with additional educational needs are met through monitoring the SEN disability and equality policies and any arrangement for G&T students. This is also to include other groupings i.e. Free school meals, gender, looked after children, ethnicity, travellers, English as an additional language, prior attainment (High, middle, low).
- ix) To monitor the wider curriculum, including Extended Schools, Enrichment, Work Experience, SMSC (Social, Moral, Social, Cultural) and CEIAG (Careers Education Information Advice Guidance).

Finance Committee

The committee shall meet twice a term or otherwise as required.

Terms of Reference - Areas of Responsibility:

Subject to statutory requirements, the committee is authorised:

- In consultation with the Principal and taking into consideration:
 - available resources;
 - sustainability of commitments;
 - the college improvement plan (CIP);
 - forecast student numbers;
 - anticipated contractual liabilities; and
 - other relevant factors.
- To consider the academy's indicative funding, notified annually by the EFA, and to assess its implications for the academy, in consultation with the Principal, in advance of the financial year, drawing any matters of significance or concern to the attention of the Board of Trustees.
- To scrutinise, consider and recommend acceptance/non-acceptance of the academy's annual and three year budget to the governing body, at the start of each financial year.
- To consider a future budget plan in line with the academy's development plan.
- To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Principal, with the stated and agreed aims and objectives of the academy.
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the College Improvement Plan (CIP).
- To liaise with and receive reports from the other committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial

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plan for the academy, and with the financial regulations of the EFA, drawing any matters of concern to the attention of the Board of Trustees. As part of this the committee will:

- Make decisions in relation to service level agreements, in accordance with the scheme of delegation;
 - Approve non routine expenditure (not provided for in the CIP) in accordance with the scheme of delegation;
 - Ensure that the principles of best value are followed when making decisions and within the college;
 - Monitor statistics, performance indicators and key ratios and other non financial data affecting the budget, directing action as appropriate; and
 - Monitor capital expenditure and take appropriate steps in the event of possible under / over spending.
- To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement. As part of this the committee will:
 - Establish and recommend appropriate policies (to include recommended levels of delegated authority) to the governing body. This will include:
 - o Assets and Depreciation Policy
 - o Best Value Statement
 - o Charging and Remissions Policy
 - o College Lettings Policy Statement (including Terms and Conditions and Charges)
 - o Debtors and Debt Recovery
 - o Finance Policy
 - o Fraud Policy
 - o Gifts and Hospitality Policy
 - o Investment Policy
 - o Expenses Policy - Recommend for ratification of the Governing Body
 - Review all policies and levels of charges annually and recommend changes as appropriate.
 - To approve the financial statement to form part of the annual report of the Board of Trustees to parents and for filing in accordance with Companies Act and Charity Commission requirements
 - To receive auditors' reports and to recommend to the full Board of Trustees action as appropriate in response to audit findings.
 - To recommend to the governing body the appointment of a Responsible Officer for ratification.
 - To recommend to the full governing body the appointment or reappointment of the auditors of the Academy for ratification.

Overview and Scrutiny

The committee shall meet once each half term or otherwise as required.

Area of Responsibility

- i) To monitor the College Improvement Plan each term.
- ii) To monitor the college Self Evaluation Form (SEF) each term.
- iii) To discuss Ofsted reports and monitor Action Plans
- iv) To monitor progress plans and student progress expected within those plans.
- v) To receive SIP notes on College visits
- vi) To receive and discuss reports on the funding of and progress of Pupil Premium students
- vii) To receive information on College literacy initiatives.

Personnel Committee

The committee shall meet twice a term or otherwise as required.

Area of responsibility:

The objective of this committee is to ensure that Honiton Community College Academy Trust delivers through its staff, both teaching and support, the best possible teaching and learning environment to its students with the available resources, by ensuring the following:

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**TRUSTEES' REPORT (continued)
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- i) **The College has appropriate HR policies in place** – by drafting and keeping under review all HR policies for approval by the Board of Trustees and undertaking any formal consultations on personnel matters.
- ii) **Policies are implemented** – by requesting and receiving regular reports for monitoring and review purposes and ensuring recommended actions are taken.
- iii) **Staff performance is monitored and improved** – by ensuring the college has a rigorous and effective performance management process in place that is implemented efficiently; and by using the resulting data from this process to make recommendations for improvements to standards and help deliver the best possible teaching to students with the resources available.
- iv) **Staff have appropriate terms and conditions** – such that:
 - a. Priority is given to ensuring that staff terms and conditions of service are at least commensurate with national policy and in the best interests of the staff.
 - b. Criteria are proposed for the approval of the Board of Trustees about the use of discretionary elements of pay provisions, and recommendations made about implementing them.
 - c. Liaison takes place with the Finance Committee to establish the annual and longer term salary budgets and other costs relating to personnel e.g. training.
- v) **The College has an appropriate staffing structure** – by reviewing the staffing structure whenever a vacancy occurs and at least annually, in relation to the College Management plan to ensure the best value for money arrangements.
- vi) **Effective staff recruitment activity takes place** – through having selection panels normally containing, where possible, at least one trained member of the Personnel Committee or Full Board of Trustees other than the Principal. The Principal has delegated authority to make all appointments of supply teachers and part time appointments.
- vii) **Also** – by exercising such powers as the Board of Trustees may delegate.

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

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

The Academy has a leadership structure which consists of the Executive Leadership Team (ELT). The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Trustees govern and the ELT lead and manage.

The Board of Trustees have devolved responsibility for day to day leadership management of the Academy to the Principal and the rest of the ELT. The ELT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Principal, Academy Director of Finance and Finance, Campus and Overview and Scrutiny Committees are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Principal is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee.

The Principal is the Accounting Officer.

Connected Organisations, including Related Party Relationships

The Academy has use of the Leisure East Devon leisure facilities and there is a shared use agreement between it and the Academy. There is also an agreement with East Devon District Council to hire the All Hallows pitches.

During the year the College took on responsibility of the local Community Use Building (CUB) in order to further develop this centre as a resource for the town and the local community.

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

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**TRUSTEES' REPORT (continued)
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There are no related parties which either control or significantly influence the decisions and operations of Honiton Community College Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle 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 school, offering a broad range of curriculum for pupils of different abilities.

Our Mission Statement - 'Success for All'

Objectives, Strategies and Activities

Our Vision

Everyone at HCC believes in themselves and their potential to succeed because they are empowered to develop their own solutions and shape their own futures.

Our Values

- Respect for learning
- Respect for each other
- Respect for the environment

Improving the Quality of Learning

To make students better learners we aim to:

- Identify the potential in students and embed effective challenge in lessons and home learning for all students
- Continue to improve the consistent use of quality feedback in departments to empower students to make progress - ensure that students know what to do to improve and are provided with time to do it
- Improve staff and student writing skills across the school thus securing better attainment and progress in all subjects
- To innovate and create strategies to ensure that more children develop a thirst for knowledge during their formal education that will underpin success in education and work and therefore shape their own futures.
- Empower our LSAs in our classrooms so they can effectively support the learning

Striving for 'Success for All'

To raise attainment and support students to make more rapid progress we aim to:

- Continue to refine and strengthen intervention strategies
- Prepare for Life after levels/ adapt and renew our curriculum
- Increase rigour in 6th Form to ensure standards raise further.
- Close the gap still further between different groups of students and ensure that every class teacher is aware of the gaps and working hard to close the gap

Sustaining the Pace of Improvement

To promote Leadership at all levels we will:

- Encourage each other to recognise our potential and take responsibility for our professional development and shape our futures
- Empower each other to identify areas for development and give time to respond to feedback through

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- extended projects/foci
- Promote opportunities for effective peer feedback on pedagogy so that we can identify solutions that work for us, in our subjects, with our students
- Rationalise systems and processes to support our wellbeing

At Honiton Community College Academy Trust we aim to achieve 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 should be part of a happy and caring environment.

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 Trust's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Honiton and the surrounding area. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of Science.

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

STRATEGIC REPORT

Achievements and Performance

The Academy is in its fifth year of operation and has achieved the forecast number of students. The total number of students in the year ended 31 August 2015 was 756 but this has decreased from 768 in September 2014 due to local demographics.

Examination results for 2015 represented consistent A2 results. The Academy achieved a 98% pass rate in A2 exams compared to 97% in 2014. The Academy recorded GCSE results in June 2015 with 56% of students achieving A* C including English and Maths (best entry), up from 44% in 2014.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Department Heads and the Executive Leadership Team.

The Academy was inspected by OFSTED in 2014 and was judged to require improvement.

During the previous year the College was successful in securing £1.61M funding from the Academies Condition Improvement Fund to build a new Technology and Languages block. The building was completed in June 2015 and provides state of the art classrooms that are sure to further inspire students.

The Academy is working in partnership with Clyst Vale Community College, The Axe Valley Community College, The King's School and Sidmouth Community College to pilot a Character Education programme. Funding was awarded from the Department for Education's Character Education Grant. The innovative programme focuses on four key character traits of resilience, leadership, community and curiosity through a range of approaches including mentoring, volunteering, sport and outdoor education, enrichment and enterprise activities.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In period under review, £24,335 was carried forward representing 0.6% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2015 were 792, a decrease of 38 over 2014. It is anticipated that this number will fall for one more year before rising.

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Another key financial performance indicator is staffing costs as a percentage of GAG. For 2015 this was 95%, compared to 87% in 2014.

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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2015 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2015 (excluding restricted fixed asset and pension reserves), the Academy received income of £4,432,684 and incurred expenditure of £4,627,673. The excess of expenditure over income for the year (before transfers) was £194,989.

At 31 August 2015 the net book value of fixed assets was £11,161,249 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The principal land, buildings and other assets were transferred to the Academy upon conversion and were professionally valued on that date. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management, and Gifts and Hospitalities.

Reserves Policy

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

The Trustees have determined that the appropriate level of free reserves should be approximately £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, reductions in pupil numbers resulting in losing a class but not wanting to lose a teacher and potential redundancy costs. Total reserves of the academy (excluding restricted fixed asset reserves and pension reserves) amount to £231,517, although £14,866 of this represents non GAG restricted funds. The remaining £216,651 (representing £192,315 unrestricted funds and £24,336 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

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**TRUSTEES' REPORT (continued)
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The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- Reserves will need to be held to cover cost as a result of the negative budget prediction for the next few years. The College is within one of the lowest funded education authorities in England where government allocations for primary and secondary pupils are the lowest in the country.
- Future investment in next phases of the building programme as 50% of our College buildings have been declared sub-standard and in need of improvement. Their poor condition is a major drain on finances, and are educationally unfit and uninspiring.
- Contribution to the costs of a Sand Dressed Artificial Grass Pitch (AGP).

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Financial the Academy has considerable reliance on continued Government funding through the EFA. In the last year 99.6% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

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

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

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

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

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

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

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

Whilst the Academy is at the bottom of the demographic trough and will start to see increases in student numbers again, risks to revenue funding from a falling roll will decrease. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

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

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

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

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

The Board of Trustees plans to maintain the majority of existing reserves and commit a proportion towards the next phases of the building development. This is because 50% of the College buildings have been declared sub-standard and in need of improvement and or replacement. These buildings are suffering from a range of compliance and condition related issues which are a major drain on finances. Their poor condition results in a learning environment which is unfit and uninspiring.

The Academy plans to apply again for funding in the next phase of CIF funding which will include a new Gym and Vocational classrooms along with emergency repairs to the English Building roof.

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

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.

AUDITORS

In so far as the Trustees are aware:

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

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

audit information and to establish that the auditors are aware of that information.

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 9 December 2015 and signed on the board's behalf by:

**Lynda Price
Chair of Governors**

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As accounting officer, we acknowledge we have overall responsibility for ensuring that Honiton Community College 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 Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Honiton Community College 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 Trustees' responsibilities statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Clements	6	6
S A Johnson	5	6
J McCartney	3	4
L Price, Chair	6	6
G N Smith, Principal	6	6
K Turner, Vice Chair	3	6
K E Smith	4	6
J Boland	5	6
P Keeling	4	6
C Vining	4	6
R Shorter, Staff Trustee	6	6
I Copeman	6	6
G Donne-Davis	6	6
M A Evans	3	6
A S Holt, Staff Trustee	5	5
M V Harman	3	6
C Bowles, Staff Trustee	5	6
S D Maplesden, Staff Trustee	1	1
A Salter, Staff Trustee	0	0

Governance reviews:

The Governors have undertaken a review and made changes to the structure of the Governing Body. Governors operate two committees, Teaching and Learning and Resources; this was implemented in September 2015.

The **Finance Committee** is a sub-committee of the main board of trustees.

- To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances.
- To ensure that the Academy undertakes proper financial planning, monitoring and probity.
- To make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- Major issues will be referred to the full governing body for ratification.

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Areas of Responsibility

Subject to statutory requirements, the committee is authorised:

In consultation with the Principal and taking into consideration:

- > available resources;
 - > sustainability of commitments;
 - > the college improvement plan (CIP);
 - > forecast student numbers;
 - > anticipated contractual liabilities; and
 - > other relevant factors.
- To consider the academy's indicative funding, notified annually by the EFA, and to assess its implications for the academy, in consultation with the Principal, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
 - To scrutinise, consider and recommend acceptance/non-acceptance of the academy's annual and three year budget to the governing body, at the start of each financial year.
 - To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Principal, with the stated and agreed aims and objectives of the academy.
 - To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the College Improvement Plan (CIP).
 - To liaise with and receive reports from the other committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
 - To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the EFA, drawing any matters of concern to the attention of the governing body. As part of this the committee will:
 - > Make decisions in relation to service level agreements, in accordance with the scheme of delegation;
 - > Approve non routine expenditure (not provided for in the CIP) in accordance with the scheme of delegation;
 - > Ensure that the principles of best value are followed when making decisions and within the college;
 - > Monitor statistics, performance indicators and key ratios and other non financial data affecting the budget, directing action as appropriate; and
 - > Monitor capital expenditure and take appropriate steps in the event of possible under / over spending.
 - To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement. As part of this the committee will:

Establish and recommend appropriate policies (to include recommended levels of delegated authority) to the governing body. This will include:

- > Finance Policy
- > Budget Monitoring Policy
- > Procurement Policy
- > Charging and Remissions Policy
- > Lettings Policy
- > Governors Expenses Policy

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Review all policies and levels of charges annually and recommend changes as appropriate.

- To approve the financial statement to form part of the annual report of the governing body to parents and for filing in accordance with Companies Act and Charity Commission requirements
- To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
- To recommend to the governing body the appointment of a Responsible Officer.
- To recommend to the full governing body the appointment or reappointment of the auditors of the academy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J McCartney	3	4
L Price (Chair of Governors)	4	6
G N Smith (Principal)	5	6
J Boland	5	6
I Copeman	6	6
M Evans	4	6

The Audit Committee is part of the Finance Committee.

REVIEW OF VALUE FOR MONEY

As accounting officer, the Principal 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Challenge — regularly reviewing how and why the services of the college are provided and setting targets and performance indicators for improvement.
- Compare — monitoring outcomes and performance of similar services with other schools and within the college.
- Consult — with appropriate stakeholders before major decisions are made.
- Compete — through quotations and tenders to ensure that goods and services are secured in the most efficient and effective way.

ORDERING

Budget holders must use official order forms with few exceptions to this. The college reserves the right to refuse to honour a verbal agreement between a Supplier and Budget Holder. Staff are reminded each year not to enter into contracts or agreements. The Director of Finance and Resources is the only member of staff authorised to enter into contracts.

BEST VALUE

To ensure best value, the purchaser is to investigate the supply of the goods required and identify the best method of purchase. Use of the Internet for research and purchase is the recommended option as it can produce results quickly and easily at a reduced price. There are also many catalogues in circulation in the college which can provide information and prices for comparison. In the current economic climate it is possible to obtain a discount or special deal on goods and services and all staff are encouraged to achieve this.

GOVERNANCE STATEMENT (continued)

STATEMENT

We will secure continuous improvement by:

- By using benchmarking techniques internally between departments and externally with other schools. Striving to ensure that the college is using its resources effectively to meet the needs of our students.
- Monitoring the progress of the Annual Budget Plan and the Best Value Statement against the College's Improvement Plan in order to determine the extent of continuous improvement.
- The college has in place a strategy and a set of guidelines, updated annually, which will ensure that Best Value will be reviewed and demonstrated.

This year we aim to focus on:

- Maximising the use of the contracts list in order that expiring contracts are renewed competitively.
- Continuing to challenge the need for expenditure and to ensure that Value for Money is achieved.
- To collaborate with other schools (and organisations) to achieve Value for Money when procuring contracts and services.
- Making the most of external funding sources such as sponsorship, letting and external grants for specific projects.
- Continuing to strive towards a new building project that will enhance the college campus.
- On-going maintenance of campus facilities and resources to provide an environment suitable for our students to achieve the best outcomes.
- Ensuring relevant and efficient resources are in place to ensure the college's drive to improve learning and teaching.
- Ensuring the college performance management process is effectively implemented - enabling the successful completion of the College Improvement Plan, the continuing professional development of all staff, and ultimately improvement of outcomes for students.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Honiton Community College Academy Trust for the year 1 September 2014 to 31 August 2015 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 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;

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

- 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 not to appoint an internal auditor. However, the Trustees have appointed Devon Audit Partnership, a , as Responsible Officer (RO).

The RO'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:

- Governance, Accounting and Financial Control
- Accounting and Financial Control - Anti Fraud
- Internal Financial Control - Salaries, Wages and Expenses
- Internal Financial Control - Investments
- Internal Financial Control - Income
- Internal Financial Control - Purchases & Payments
- Internal Financial Control - Contracts & Tendering
- Internal Financial Control - Investments
- Risk Management

On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO has completed the planned series of checks and reported to the Trustees the results of these visits and inspections. Each visit has resulted in a report of a good or high standard. Any small or immaterial adjustments have been carried out with consultation and involvement of the RO.

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 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 9 December 2015 and signed on its behalf, by:

L Price
Chair of Trustees

G N Smith
Accounting Officer

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Glenn Smith
Accounting Officer

Date: 9 December 2015

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

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

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

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

**L Price
Chair of Trustees**

Date: 9 December 2015

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HONITON COMMUNITY COLLEGE
ACADEMY TRUST**

We have audited the financial statements of Honiton Community College Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HONITON COMMUNITY COLLEGE
ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

16 December 2015

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Honiton Community College Academy Trust during the year 1 September 2014 to 31 August 2015 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 Honiton Community College Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Honiton Community College Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Honiton Community College Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HONITON COMMUNITY COLLEGE ACADEMY TRUST'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Honiton Community College Academy Trust's funding agreement with the Secretary of State for Education dated 01 July 2011, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

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

16 December 2015

HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	3,185	-	-	3,185	7,230
Activities for generating funds	3	180,111	-	-	180,111	219,049
Investment income	4	3,441	-	-	3,441	1,740
Incoming resources from charitable activities	5	7,783	4,238,164	18,839	4,264,786	6,317,196
TOTAL INCOMING RESOURCES		194,520	4,238,164	18,839	4,451,523	6,545,215
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		101,331	-	-	101,331	124,648
Charitable activities	7,8	163,512	4,468,434	228,456	4,860,402	5,218,601
Governance costs	9	-	13,396	-	13,396	12,514
TOTAL RESOURCES EXPENDED	6	264,843	4,481,830	228,456	4,975,129	5,355,763
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		(70,323)	(243,666)	(209,617)	(523,606)	1,189,452

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	18	(15,566)	(23,247)	38,813	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(85,889)	(266,913)	(170,804)	(523,606)	1,189,452
Actuarial gains and losses on defined benefit pension schemes		-	(12,000)	-	(12,000)	(293,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(85,889)	(278,913)	(170,804)	(535,606)	896,452
Total funds at 1 September		278,204	(1,168,885)	11,332,053	10,441,372	9,544,920
TOTAL FUNDS AT 31 AUGUST		192,315	(1,447,798)	11,161,249	9,905,766	10,441,372

All activities relate to continuing operations.

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

The notes on pages 30 to 48 form part of these financial statements.

HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07665387

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	15		11,161,249		9,960,865
CURRENT ASSETS					
Debtors	16	49,925		1,278,536	
Cash at bank and in hand		443,973		908,354	
			493,898	2,186,890	
CREDITORS: amounts falling due within one year	17	(262,381)		(350,383)	
NET CURRENT ASSETS			231,517		1,836,507
TOTAL ASSETS LESS CURRENT LIABILITIES			11,392,766		11,797,372
Defined benefit pension scheme liability	25		(1,487,000)		(1,356,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			9,905,766		10,441,372
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	18	39,202		187,115	
Fixed asset funds	18	11,161,249		11,332,053	
Restricted funds excluding pension liability		11,200,451		11,519,168	
Pension reserve		(1,487,000)		(1,356,000)	
Total restricted funds			9,713,451		10,163,168
Unrestricted funds	18		192,315		278,204
TOTAL FUNDS			9,905,766		10,441,372

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2015 and are signed on their behalf, by:

L Price
Chair of Trustees

G N Smith
Accounting Officer

The notes on pages 30 to 48 form part of these financial statements.

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	(224,887)	(108,525)
Returns on investments and servicing of finance	21	3,441	1,740
Capital expenditure and financial investment	21	(242,935)	411,871
(DECREASE)/INCREASE IN CASH IN THE YEAR		(464,381)	305,086

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(464,381)	305,086
MOVEMENT IN NET FUNDS IN THE YEAR	(464,381)	305,086
Net funds at 1 September 2014	908,354	603,268
NET FUNDS AT 31 AUGUST 2015	443,973	908,354

The notes on pages 30 to 48 form part of these financial statements.

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.3 INCOMING RESOURCES

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

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

1.4 RESOURCES EXPENDED

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

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

Long term leasehold property	-	50/125 years
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Other fixed assets	-	Not depreciated

1.7 OPERATING LEASES

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

1.8 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.

1.9 PENSIONS

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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy Trust.

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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.10 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities.

The academy also distributes Local Area Partnership income as an agent for the local community.

The funds received, paid and any balances held at period end are disclosed in Note 28.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	3,185	-	3,185	7,230

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	26,256	-	26,256	30,534
Music tuition	6,555	-	6,555	9,322
Fees received	123,480	-	123,480	154,209
Other	23,820	-	23,820	24,984
	180,111	-	180,111	219,049

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest	3,441	-	3,441	1,740

HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	18,839	18,839	1,688,626
General Annual Grant	-	3,960,290	3,960,290	4,364,953
Other DfE/EFA grants	-	156,437	156,437	156,163
	<u>-</u>	<u>4,135,566</u>	<u>4,135,566</u>	<u>6,209,742</u>
Other Government grants				
High Needs	-	96,047	96,047	79,687
Other government grants non capital	-	25,390	25,390	10,860
Income for hosting trainee teachers	-	-	-	7,827
	<u>-</u>	<u>121,437</u>	<u>121,437</u>	<u>98,374</u>
Other funding				
Sales to students	7,783	-	7,783	9,080
	<u>7,783</u>	<u>-</u>	<u>7,783</u>	<u>9,080</u>
	<u>7,783</u>	<u>4,257,003</u>	<u>4,264,786</u>	<u>6,317,196</u>

6. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other 2015 £	Total 2015 £	Total 2014 £
Fundraising expenses	-	-	101,331	101,331	124,648
COSTS OF GENERATING FUNDS	<u>-</u>	<u>-</u>	<u>101,331</u>	<u>101,331</u>	<u>124,648</u>
Direct costs	3,012,364	159,245	218,865	3,390,474	3,622,902
Support costs	745,448	365,693	358,787	1,469,928	1,595,699
CHARITABLE ACTIVITIES	<u>3,757,812</u>	<u>524,938</u>	<u>577,652</u>	<u>4,860,402</u>	<u>5,218,601</u>
GOVERNANCE	<u>-</u>	<u>-</u>	<u>13,396</u>	<u>13,396</u>	<u>12,514</u>
	<u>3,757,812</u>	<u>524,938</u>	<u>692,379</u>	<u>4,975,129</u>	<u>5,355,763</u>

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. DIRECT COSTS

	Total 2015	Total 2014
Pension finance costs	30,000	33,000
Educational supplies	27,931	38,193
Examination fees	84,742	92,752
Staff development	25,708	28,149
Other costs	50,484	35,234
Supply teachers	50,446	50,329
Wages and salaries	2,391,894	2,446,051
National insurance	174,347	181,971
Pension cost	395,677	411,324
Depreciation	159,245	305,899
	<u>3,390,474</u>	<u>3,622,902</u>

8. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Recruitment and support	7,997	9,477
Maintenance of premises and equipment	136,783	226,989
Cleaning	20,047	14,505
Rent and rates	77,258	85,666
Energy costs	62,394	63,616
Insurance	49,790	64,292
Security and transport	27,015	27,424
Catering	38,424	44,095
Technology costs	57,853	99,117
Office overheads	34,169	50,259
Legal and professional	142,240	99,376
Bank interest and charges	1,299	2,079
Wages and salaries	628,200	630,039
National insurance	30,752	31,096
Pension cost	86,496	73,138
Depreciation	69,211	74,531
	<u>1,469,928</u>	<u>1,595,699</u>

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. GOVERNANCE COSTS

	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	6,690	6,535
Auditors' non audit costs	2,950	3,125
Responsible Officer Costs	1,536	1,300
Legal and Professional	750	780
Other costs	1,470	774
	<u>13,396</u>	<u>12,514</u>

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	228,456	380,431
Auditors' remuneration	6,690	6,535
Auditors' remuneration - non-audit	2,950	3,125
Operating lease rentals:		
- other operating leases	17,002	17,002
	<u>17,002</u>	<u>17,002</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,984,522	3,076,090
Social security costs	205,099	213,067
Pension costs (note 25)	482,173	484,462
	<u>3,671,794</u>	<u>3,773,619</u>
Agency supply teacher costs	50,446	50,329
Staff restructuring costs	35,572	-
	<u>3,757,812</u>	<u>3,823,948</u>

b. Staff severance payments

Included in staff costs are contractual redundancy payments totalling £27,688 paid to 4 employees (2014: Nil). Individually, the payments were £4,137, £4,964, £8,322 and £10,265.

Also included in staff costs are non-contractual payments totalling £7,884 paid to 1 employee (2014: Nil).

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF (continued)

c. Staff numbers

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

	2015	2014
	No.	No.
Teachers	46	48
Administration and support	71	70
Management	6	6
	<hr/> 123 <hr/>	<hr/> 124 <hr/>

d. Higher paid staff

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

	2015	2014
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	1	1
	<hr/> 1 <hr/>	<hr/> 1 <hr/>

Both of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2015, annual pension contributions for these staff amounted to £21,030 (2014: £20,822).

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 6 Trustees (2014: 5) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2014: £NIL).

During the year ended 31 August 2015, expenses totalling £893 (2014: £NIL) were reimbursed to 2 Trustees (2014: Nil).

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration (being the amount received by virtue of their employment during the period when they were also a trustee) was as follows: G Smith remuneration £80,000 - £85,000 (2014: £80,000 - £85,000), G Smith employers pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000), A Holt remuneration £55,000 - £60,000 (resigned as a trustee 14 July 2015) (2014: £65,000 - £70,000), A Holt employers pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000), A Salter remuneration £Nil - £5,000 (resigned as a trustee 26 September 2014) (2014 £15,000 - £20,000) A Salter employers pension contributions £Nil - £5,000 (2014: £Nil - £5,000), R Shorter remuneration £20,000 - £25,000 (2014: £15,000 - £20,000), R Shorter employers pension contributions £Nil - £5,000 (2014: £Nil - £5,000), C Bowles remuneration £5,000 - £10,000 (appointed as a trustee 29 September 2014), C Bowles employers pension contributions £Nil - £5,000, S Maplesden remuneration £5,000 - £10,000 (appointed as a trustee 15 July 2015), S Maplesden employers pension contributions £Nil - £5,000.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £582 (2014: £298). The cost of this insurance is included in the total insurance cost.

14. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	73,000	64,000
Interest on pension scheme liabilities	(103,000)	(97,000)
	<u>(30,000)</u>	<u>(33,000)</u>

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Asset under construction £	Total £
COST						
At 1 September 2014	10,203,443	19,500	107,793	509,492	271,542	11,111,770
Additions	-	-	10,176	32,175	1,386,489	1,428,840
Transfer between classes	1,658,031	-	-	-	(1,658,031)	-
At 31 August 2015	<u>11,861,474</u>	<u>19,500</u>	<u>117,969</u>	<u>541,667</u>	<u>-</u>	<u>12,540,610</u>
DEPRECIATION						
At 1 September 2014	564,981	11,731	68,268	505,925	-	1,150,905
Charge for the year	194,741	1,942	23,593	8,180	-	228,456
At 31 August 2015	<u>759,722</u>	<u>13,673</u>	<u>91,861</u>	<u>514,105</u>	<u>-</u>	<u>1,379,361</u>
NET BOOK VALUE						
At 31 August 2015	<u>11,101,752</u>	<u>5,827</u>	<u>26,108</u>	<u>27,562</u>	<u>-</u>	<u>11,161,249</u>
At 31 August 2014	<u>9,638,462</u>	<u>7,769</u>	<u>39,525</u>	<u>3,567</u>	<u>271,542</u>	<u>9,960,865</u>

The trust's transactions relating to land and buildings included:

- The construction of a new block on land already owned at a cost of £1,658,031.

The asset was initially included in assets under construction until completion at which point it was transferred to long term leasehold property as reported above.

16. DEBTORS

	2015 £	2014 £
Trade debtors	1,278	2,534
VAT recoverable	22,857	66,640
Prepayments and accrued income	25,790	1,209,362
	<u>49,925</u>	<u>1,278,536</u>

Included in accrued income in 2014 is ACMF capital grant funding receivable of £1,131,201.

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

**17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £	2014 £
Trade creditors	(289)	26,555
Other taxation and social security	60,362	62,911
Other creditors	85,562	54,385
Accruals and deferred income	116,746	206,532
	<u>262,381</u>	<u>350,383</u>

DEFERRED INCOME

Deferred income at 1 September 2014	63,509
Resources deferred during the year	68,653
Amounts released from previous years	(63,509)
	<u>68,653</u>
Deferred income at 31 August 2015	<u>68,653</u>

At the balance sheet date the Academy was holding funds received in advance for trips being held in the 2015/16 academic year together with enhanced funding for 2015/16.

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	278,204	194,520	(264,843)	(15,566)	-	192,315
RESTRICTED FUNDS						
General Annual Grant (GAG)	110,285	3,960,290	(4,072,992)	26,753	-	24,336
General Annual Grant (GAG) - To be used towards funding capital project	50,000	-	-	(50,000)	-	-
Rates	-	21,795	(21,795)	-	-	-
High Needs funding	-	96,047	(96,047)	-	-	-
Pupil Premium	-	134,642	(119,776)	-	-	14,866
16-19 bursary	26,830	787	(27,617)	-	-	-
Other restricted income	-	24,603	(24,603)	-	-	-
Pension reserve	(1,356,000)	-	(119,000)	-	(12,000)	(1,487,000)
	<u>(1,168,885)</u>	<u>4,238,164</u>	<u>(4,481,830)</u>	<u>(23,247)</u>	<u>(12,000)</u>	<u>(1,447,798)</u>

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	9,659,717	-	(186,652)	-	-	9,473,065
Fixed assets purchased from GAG and other restricted funds	1,535	-	468	38,813	-	40,816
Devolved Formula Capital	28,434	18,839	(25,702)	-	-	21,571
Capital surplus transferred on conversion	26,365	-	(2,660)	-	-	23,705
Academies Capital Maintenance Fund	1,616,002	-	(13,910)	-	-	1,602,092
	<u>11,332,053</u>	<u>18,839</u>	<u>(228,456)</u>	<u>38,813</u>	<u>-</u>	<u>11,161,249</u>
Total restricted funds	<u>10,163,168</u>	<u>4,257,003</u>	<u>(4,710,286)</u>	<u>15,566</u>	<u>(12,000)</u>	<u>9,713,451</u>
Total of funds	<u><u>10,441,372</u></u>	<u><u>4,451,523</u></u>	<u><u>(4,975,129)</u></u>	<u><u>-</u></u>	<u><u>(12,000)</u></u>	<u><u>9,905,766</u></u>

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

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs. The GAG previously ring fenced for capital projects was partly spent during the year. The remainder was released back to general GAG with the planned expenditure being settled through the utilisation of available fixed asset funds.

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

Pupil Premium - Funding received from the EFA to cater for disadvantaged pupils.

16-19 Bursary - Funding received from the EFA and Local Authority for pupils over the age of 16.

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

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from the Local Authority on conversion to an academy.

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

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS (continued)

Devolved Formula Capital - This represents funding from the EFA to cover the maintenance and purchase of the academy's assets.

Academies Capital Maintenance Fund - These funds are received for direct expenditure on fixed asset projects.

Capital surplus transferred on conversion - this represents unspent capital grants donated to the school from the Local Authority on conversion to an academy.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	11,161,249	11,161,249	9,960,864
Current assets	260,968	195,507	37,423	493,898	2,186,891
Creditors due within one year	(68,653)	(156,305)	(37,423)	(262,381)	(350,383)
Pension scheme liability	-	(1,487,000)	-	(1,487,000)	(1,356,000)
	<u>192,315</u>	<u>(1,447,798)</u>	<u>11,161,249</u>	<u>9,905,766</u>	<u>10,441,372</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	(523,606)	1,189,452
Returns on investments and servicing of finance	(3,441)	(1,740)
Depreciation of tangible fixed assets	228,456	380,431
Capital grants from DfE	(18,839)	(1,688,626)
Decrease/(increase) in debtors	98,410	(51,649)
Increase/(decrease) in creditors	5,133	(45,393)
FRS17 pension finance (income)/cost	30,000	33,000
FRS17 pension costs less contributions paid	(41,000)	76,000
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>(224,887)</u>	<u>(108,525)</u>

**HONITON COMMUNITY COLLEGE ACADEMY TRUST
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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,441	1,740
	<u>3,441</u>	<u>1,740</u>
	2015 £	2014 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,391,975)	(145,554)
Capital grants from DfE	1,149,040	557,425
	<u>(242,935)</u>	<u>411,871</u>
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(242,935)	411,871

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	908,354	(464,381)	-	443,973
NET FUNDS	908,354	(464,381)	-	443,973

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. CAPITAL COMMITMENTS

At 31 August 2015 the Academy Trust had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	1,476,579
	<u>-</u>	<u>1,476,579</u>

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25. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £50,113 were payable to the scheme at 31 August 2015 (2014: £50,807) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £253,433 (2014: £273,643).

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

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25. PENSION COMMITMENTS (continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £195,000, of which employer's contributions totalled £147,000 and employees' contributions totalled £48,000. The agreed contribution rates for future years are 17% for employers and 5.5-7.5% for employees.

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

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities and gilts	6.00	825,000	6.40	737,000
Bonds	6.00	66,000	3.60	46,000
Property	6.00	142,000	5.90	110,000
Cash	6.00	31,000	2.90	23,000
Target return portfolio	6.00	199,000	5.90	164,000
Infrastructure and alternative assets	6.00	64,000	4.50	53,000
Total market value of assets		<u>1,327,000</u>		<u>1,133,000</u>
Present value of scheme liabilities		<u>(2,814,000)</u>		<u>(2,489,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,487,000)</u></u>		<u><u>(1,356,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,814,000)	(2,489,000)
Fair value of scheme assets	1,327,000	1,133,000
Net liability	<u><u>(1,487,000)</u></u>	<u><u>(1,356,000)</u></u>

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25. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Current service cost	(236,000)	(188,000)
Interest on obligation	(103,000)	(97,000)
Expected return on scheme assets	73,000	64,000
Past service cost	-	(19)
Gains on curtailments and settlements	-	(29,000)
	<u> </u>	<u> </u>
Total	<u><u>(266,000)</u></u>	<u><u>(250,019)</u></u>

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

	2015 £	2014 £
Opening defined benefit obligation	2,489,000	1,957,000
Current service cost	236,000	188,000
Interest cost	103,000	97,000
Contributions by scheme participants	48,000	45,000
Actuarial (Gains)/losses	(65,000)	206,000
Losses on curtailments	-	29,000
Benefits paid (net of transfers in)	3,000	(33,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>2,814,000</u></u>	<u><u>2,489,000</u></u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,133,000	1,003,000
Expected return on assets	73,000	64,000
Actuarial gains and (losses)	(77,000)	(87,000)
Contributions by employer	147,000	141,000
Contributions by employees	48,000	45,000
Benefits paid	3,000	(33,000)
	<u> </u>	<u> </u>
	<u><u>1,327,000</u></u>	<u><u>1,133,000</u></u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £572,000 loss (2014: £560,000 loss).

The Academy Trust expects to contribute £149,000 to its Defined benefit pension scheme in 2016.

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25. PENSION COMMITMENTS (continued)

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

	2015	2014
Gilts	5.00 %	6.00 %
UK equities	25.00 %	26.00 %
Overseas equities	32.00 %	33.00 %
Property	11.00 %	10.00 %
Infrastructure	3.00 %	3.00 %
Target return portfolio	15.00 %	14.00 %
Cash	2.00 %	2.00 %
Other bonds	5.00 %	4.00 %
Alternative assets	2.00 %	2.00 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Expected return on scheme assets at 31 August	6.00 %	6.00 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	26.1	26
Retiring in 20 years		
Males	25.1	24.9
Females	28.4	28.3

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

Defined benefit pension schemes

	2015	2014	2013	2012
	£	£	£	£
Defined benefit obligation	(2,814,000)	(2,489,000)	(1,957,000)	(1,586,000)
Scheme assets	1,327,000	1,133,000	103,000	731,000
Deficit	(1,487,000)	(1,356,000)	(1,854,000)	(855,000)
Experience adjustments on scheme liabilities	65,000	(206,000)	(103,000)	(241,000)
Experience adjustments on scheme assets	(77,000)	(87,000)	66,000	11,000

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26. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£	£
EXPIRY DATE:		
Within 1 year	3,810	15,241
Between 2 and 5 years	1,761	1,761
	<u><u> </u></u>	<u><u> </u></u>

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at an arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. No related party transactions took place in the period of account with exception of the staff governors remuneration as disclosed in Note 12.

28. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2015 the Academy received £15,743 and disbursed £6,338 from the fund. An amount of £35,448 is included in other creditors relating to undistributed funds that is repayable to EFA.

The academy also distributes Local Area Partnership income as an agent for the local community. In the accounting period ended 31 August 2015 the Academy received £25,822 and disbursed £3,669 from the fund. An amount of £22,153 is included in other creditors relating to undistributed funds.