

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	A Smith D Travers G Donne-Davis G Smith, Principal S Taylor S Johnson
Trustees	S Maplesden, Staff Trustee (resigned 14 July 2018) G Smith, Principal J Boland M Clements (resigned 4 October 2017) G Donne-Davis, Chair S Johnson M Evans C Bowles, Staff Trustee (resigned 28 September 2018) D Travers M Gaches-Morris A Smith S Taylor, Vice Chair S Kent A Holt, Staff Trustee (resigned 19 November 2017) J A Dale (resigned 19 December 2017) M Gibbs K Smith R Shorter, Staff Trustee (appointed 20 November 2017) A Bazley (appointed 2 October 2018)
Company registered number	07665387
Company name	Honiton Community College
Registered office	Honiton Community College Academy Trust School Lane Honiton Devon EX14 1QA
Principal operating office	School Lane Honiton Devon EX14 1QA

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Company secretary M Burrell

Accounting officer G N Smith

**Executive Leadership
Team**

G N Smith, Principal
S Manning, Vice Principal
R Robson, Vice Principal
M Adams, Vice Principal
M Burrell, Director of Finance and Resources

Independent auditors

Griffin
Chartered Accountants
165 High Street
Honiton
Devon
EX14 1LQ

Bankers

Lloyds Commercial
234 High Street
Exeter
Devon
EX4 3NL

Solicitors

Foot Anstey LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN

HONITON COMMUNITY COLLEGE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes 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 718 in the October 2017 school census.

Structure, governance and management

a. CONSTITUTION

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Honiton Community College Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. MEMBERS' LIABILITY

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

c. 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 £5,000,000.

d. 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

e. 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.

f. 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 3 committees as follows:

Resources Committee

Financial policy and planning

- To review, adopt and monitor a Finance Policy which includes the local scheme of delegation for spending and budgetary adjustments (virements) for the committee, Principal and other nominated staff.
- To review, adopt and monitor all additional financial policies, including a charging and remissions policy.
- To establish and maintain a three year financial plan, taking into the account priorities of the Academy Improvement Plan, roll projection and signals from central government and future years' budgets, within the constraints of available information.
- To draft and propose to the governing body for adoption an annual college budget taking into account the priorities of the Academy Improvement Plan.
- To make decisions in respect of service level agreements.
- To ensure that sufficient funds are set aside for pay increments as set out in the Pay Policy and as recommended by the Principal.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial monitoring

- To monitor the income and expenditure throughout the year of all delegated and devolved funds against the annual budget plan.
- To receive at least termly budget monitoring reports from the Director of Finance and Resources.
- To report back to each meeting of the full governing body and to alert them of potential problems or significant anomalies at an early date.
- To consider recommendations from the Teaching and Learning Committee and provide them with the information they need to perform their duties.
- Subject to the local scheme of delegation, to approve any budgetary adjustments that will from time to time be necessary in response to the evolving requirements of the college.
- To receive and act upon any issues identified by the independent auditors.
- To prepare the Trustees Report to form part of the Statutory Accounts of the governing body and for filing in accordance with Companies Act requirements.
- To receive auditors' reports and to recommend the governing body action as appropriate in response to audit findings.
- To recommend to the full governing body the appointment or reappointment of the auditors of the academy.
- To recommend to the full governing body the appointment or reappointment of the responsible officer of the academy.

Premises

- To provide support and guidance for the governing body and the Principal on all matters relating to the maintenance and development of the premises and grounds, including Health and Safety.
- To ensure that an annual inspection of the premises and grounds takes place and a report is received identifying any issues.
- To inform the governing body of the report and set out a proposed order of priorities for maintenance and development.
- To agree the commissioning of professional surveys and emergency work as necessary.
- The Principal/Director of Finance and Resources is authorised to commit expenditure without the prior approval of the committee in any emergency where delay would result in further damage or present a risk to the health and safety of pupils or staff. In this event the Principal/Director of Finance and Resources would normally be expected to consult the committee chair at the earliest opportunity.
- To create a project committee if necessary to oversee any major developments.
- To establish and keep under review an Accessibility Plan and a Building Development Plan.
- To review, adopt and monitor a Health and Safety policy.
- To receive termly reports from the Health and Safety Link Governor.

Staffing

- To ensure that the college is staffed sufficiently for the fulfilment of the college's development plan and the effective operation of the college.
- To be responsible for the administration of the Pay Policy.
- To ensure that staffing procedures (including recruitment procedures) follow current equalities legislation.
- To annually review procedures for dealing with staff discipline and grievances and make recommendations to the governing body for approval.
- To monitor approved procedures for staff discipline and grievance and ensure that staff are kept informed of these.
- To recommend to the governing body staff selection procedures, ensuring that they conform with safer recruitment practice, and to review these procedures as necessary.
- To oversee that the Principal follows due process leading to staff reductions.
- To establish the annual and longer-term salary budgets and other costs relating to personnel, e.g. training.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Risk Register

- To review and maintain the college Risk Register and report back to the Full Governing Body

Performance and Pay Committee

- To review a Pay Policy for all members of staff, in line with HR provider's advice and make recommendations to the Full Governing Body. Should changes have financial implications a report should be provided for the Resources Committee to comment.
- To keep under review staff appraisal policies including the criteria for pay progression for adoption by the Full Governing Body
- To ensure that the appropriate arrangements for linking appraisal to pay are in place, can be applied consistently and that pay decisions can be objectively justified.
- To annually review the salaries of all staff.
- To approve teachers' salaries following recommendations from the Principal on whether to award performance pay in line with the college's policy.
- To approve annual pay progression within the Leadership Pay Range, for Vice and Assistant Principal/s salaries following recommendations from the Principal on whether to award performance pay in line with the college's policy.
- To monitor the outcome of pay decisions, including the extent to which different groups of teachers may progress at different rates and check processes operate fairly.
- To review the Principal's salary annually, with regard to the recommendation from the governors who have conducted the Principal's appraisal.
- To undertake salary reviews at any other time the governing body directs that there is a need to do so.
- To inform the governing body of approved salary decisions, to ensure inclusion in the budget.

Teaching and Learning Committee

- To review, monitor and evaluate the curriculum offer.
- To oversee that the Principal follows due process leading to staff reductions.
- To recommend for approval to the full governing body the: - Self-evaluation form/Academy Improvement Plan/Targets for academy improvement.
- To monitor and evaluate rates of progress and standards of achievement by pupils, including any underachieving groups.
- To set priorities for improvement, and monitor and evaluate the impact of improvement plans which relate to the committee's area of operation.
- To develop and review policies identified within the school's policy review programme and in accordance with its delegated powers (e.g. sex education and pupil behaviour/discipline).
- To monitor and evaluate the effectiveness of leadership and management.
- To monitor and evaluate the impact of quality of teaching on rates of pupil progress and standards of achievement.
- To monitor and evaluate the impact of continuing professional development on improving staff performance.
- To monitor and evaluate provision for all groups of vulnerable children (e.g. looked after children) and ensure all their needs have been identified and addressed, and to evaluate their progress and achievement.
- To ensure that the requirements of children with special needs are met, as laid out in the Code of Practice, and receive termly reports from the Principal/SENDCO and an annual report from the SEND Governor and Pupil Premium Link Governor.
- To regularly review and develop the Feedback and Assessment Policy and to ensure that the policy is operating effectively.

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- To consider recommendations from external reviews of the school (e.g. Ofsted or local school improvement advisers), agree actions as a result of reviews and evaluate regularly the implementation of the plan.
- To ensure that all children have equal opportunities.
- To advise the resources committee on the relative funding priorities necessary to deliver the curriculum.
- To monitor the school's publicity, public presentation and relationships with the wider community.
- To identify and celebrate pupil achievements.
- To oversee arrangements for Link Governor Visits and feedback reports.
- To review and maintain the college Risk Register and report back to the Full Governing Body.

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

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Trustees consider the Board of Trustees and the Executive Leadership Team (ELT) comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis.

All Trustees give their time freely and no Trustee received remuneration in the year in respect of their work as a Trustee. Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and must evidence sustained high quality of performance, with particular regard to leadership, management and pupil progress and will be subject to a review of performance against their appraisal objectives before any discretionary points will be awarded. The clarification of the application of the criteria (as set out in the STPCD) for Teaching Leadership Group progression will be taken fully into account. Annual pay progression within the pay range for the Principal, Vice Principal and Assistant Principals is not automatic. Non-teaching key management personnel are paid in line with the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service and the Devon County Council Job Evaluation Scheme.

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TRUSTEES' REPORT (continued)
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h. TRADE UNION FACILITY TIME

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	1.93

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	-	
Total pay bill	3,409,744	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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Trustees should refer to Statutory Instrument 2017 No. 328, The Trade Union (Facility Time Publication Requirements Regulations 2017) for calculation details.

i. 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. In addition, during the period the College entered into a separate agreement with Leisure East Devon to jointly manage the lettings of the new Sport and PE building during the evenings and the weekends. There is also an agreement with East Devon District Council to hire the All Hallows pitches.

In 2014, through a Tenancy at Will, 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. The principal is a director of Honiton Learning Community. The Director of Finance and Resources is a trustee and director of the Institute for School Business Leadership (ISBL). 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

a. 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'.

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 and Respect for the environment.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Development Plan for the 2017/18 Academic Year (our key objectives):

1. Improving the Quality of Learning

To make students better learners we aim to:

- Raise student aspiration by instilling a culture of high expectations in our community
- Pastoral Culture
- Tailor our schemes of learning to develop greater mastery across all key stages
- Rise the standards of student's communication skills (i.e. in oracy, written work & presentation skills)

2. Sustaining the Pace of Improvement'

To promote Leadership at all levels we will:

- Focus on leadership of learning
- Place further positive emphasis on appraisal as the primary vehicle for our professional development
- Managing and sustaining workload

Achievements and Performance

The Academy is in its eighth year of operation. The total number of students in the year ended 31 August 2018 was 723 but this has increased from 718 in September 2017.

64% of the Year 11 cohort achieved the equivalent of 5+A*-C inc. English and Maths, with over a fifth of all entries being A*/A (new level 7, 8 or 9 grades), in addition to over half of all entries being awarded at the new 9-5 grades. This is a superb achievement for a non-selective, comprehensive school. Indeed, we pride ourselves on our inclusive approach, working together, as a community, to provide a first-class education that helps develop rounded students that are ready to take on the challenges of adulthood.

99% of our Post-16 students achieved an A*-E pass rate (National Average 97.6%) with 80% achieving A*-C grades (National Average 77.0%). This is especially pleasing as this year's results were the first for the new tougher A-Level examinations.

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

The Academy was inspected by OFSTED in May 2016 and was judged as 'Good'.

In 2014 the College was successful in securing £1.61M funding from the Academies Capital Maintenance Fund (ACMF) 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.

In April 2016 the College was successful in achieving £217k from the Education Funding Agency (EFA) Condition Improvement Fund (CIF) to refurbish the English Building. The College was fortunate to be one of only thirteen schools in Devon to be successful in this bidding process. The refurbishment consisted of a replacement roof, new windows, re-decoration throughout, new ceiling finishes, new lighting and new flooring.

In September 2016 the College was successful in obtaining £1.8M from the Condition Improvement Fund to replace the old gymnasium building with a state-of-the-art Sports and Fitness building. Work was completed in September 2017 and this new facility is now open to students and staff. The new facilities consist of a gym, four sets of changing rooms, a departmental office, three classrooms, an ICT Suite, dance studio and state of the art fitness suite with cardio and strength and conditioning equipment.

In April 2018 the College was successful in obtaining a further £930,000 from the Condition Improvement Fund to refurbish its oldest Science Block. Work is due for completion in late October 2018. The refurbishment includes a new roof, windows, internal and external doors, ceilings, lighting, flooring, decoration throughout, completely new gas, water and electrical systems along with new laboratory fixtures and fittings.

c. 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.

Achievements and performance

Strategic report

a. 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, £121k was carried forward representing 3.4% of GAG..

As funding is based on pupil numbers this is also a key performance indicator. The total number of students in the year ended 31 August 2018 was 723 and this has increased from 718 in 2017. Students are generally set to rise from 2018 to 2021. The Board of Trustees reviews the current and forecasted pupil numbers at each Resources Committee meeting and the five-year budget forecast is adjusted as necessary.

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TRUSTEES' REPORT (continued)
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b. GOING CONCERN

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

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 2018 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 2018 (excluding restricted fixed asset and pension reserves), the Academy received income of £4,013,327 and incurred expenditure of £4,012,214. The excess of expenditure over income for the year (before transfers) was £1,113.

At 31 August 2018 the net book value of fixed assets was £13,146,829 and movements in tangible fixed assets are shown in note 14 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 21 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 Hospitality.

a. RESERVES POLICY

The Trustees review the reserve levels of the Academy annually and in addition review the forecast year end position of these reserves at each Resources Committee meeting throughout the year. The annual 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.

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The Trustees have determined that the desired level of free reserves should be approximately £400,000. However, due to significant national cost pressures it has not been possible to maintain the level of free reserves at this level. The Trustees recognise the need to replenish its reserves to ensure the Academy has sufficient funds to cover planned and unknown future activities and has set two targets to achieve this:

Free reserves 5% of current year budgeted income (2017; £196,875))

In-year contingency £20,000

Total reserves of the Academy (excluding restricted fixed asset reserves and pension reserves) amount to £121,434 all being unrestricted. The Trustees monitor this value in accordance with the Board's reserves policy.

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 through the Condition Improvement Fund (CIF).
- Contribution to the costs of a Sand Dressed or Artificial Grass floodlit pitch.

b. MATERIAL INVESTMENTS 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.

c. 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 ESFA. 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.

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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.

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 Resources 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 21 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.

Fundraising

In today's climate the Academy recognises that it may need to ask the public for money. The Academy is fully aware of its responsibility to ensure that these activities are carried out in a considerate and responsible way and to ensure that the funds raised are used effectively and for the purpose for which they were intended.

Primarily the College raises fund, through non-uniform days and other school based activities, on behalf of others. More recently and due to external financial pressures, the Academy has raised funds to provide equipment and other related items.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Over the period the College has received no complaints regarding any of its fundraising activities. To ensure that fundraising is carried out to recognised standards and to ensure effective monitoring the Academy follows the guidance within the Charity Commission publication "Charity fundraising: a guide to trustee duties (CC20)".

At present the Academy does not work with any commercial or professional fundraisers, but if these were engaged in the future then any processes would be carried out to the recognised standards within the CC20 guidance detailed above.

Plans for future periods

a. FUTURE DEVELOPMENTS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its students 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. The Academy plans to apply again for funding in the next phase of CIF funding which will include a refurbishment to the older main block of the College.

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

FUNDS HELD AS CUSTODIAN

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Griffin, have indicated their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21.11.18 and signed on its behalf by:

G Donne-Davis
Chair of Trustees

G. Donne-Davis

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 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
S Maplesden, Staff Trustee	6	6
G Smith, Principal	6	6
J Boland	3	6
M Clements	0	1
G Donne-Davis, Chair	6	6
S Johnson	5	6
M Evans	3	6
C Bowles, Staff Trustee	6	6
D Travers	5	6
M Gaches-Morris	4	6
A Smith	6	6
S Taylor, Vice Chair	6	6
S Kent	6	6
A Holt, Staff Trustee	1	1
J A Dale	0	2
M Gibbs	4	6
K Smith	4	6
R Shorter, Staff Trustee	4	5
A Bazley	0	0

In September 2016 a new Chair of Governors was elected with a new vice-chair, this was a key change in the composition of the board as the existing Chair of Governors had been in post for over 20 years.

The Trustees operate three committees, Teaching and Learning, Performance and Pay and Resources.

Governors skills audits are completed annually and are used to inform trustee training for the year. In addition, the Chair and Vice Chair carries out annual one to one meetings with all members of the trustee board.

The composition of board in terms of skills and abilities are varied and a good level of expertise and knowledge exists among members of the board. These range from business, human resources and accounting/financial. Trustees are placed on committees that are appropriate to their individual level of expertise and specialist knowledge. When recruiting new governors, the skills audits are used to ensure any gaps in knowledge are suitably addressed.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The **Resources Committee** is a sub-committee of the main Board of Trustees. Areas of Responsibility include:

- 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.

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, key ratios and other non financial data affecting the budget, directing action as appropriate; 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 and Governors Expensers Policy
- 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.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Clements	0	1
J Dale	0	2
M A Evans	4	6
M Gibbs	6	6
A Holt	1	1
R Shorter	5	5
A Smith	6	6
G N Smith, Principal	5	6
K Smith	4	6
S Taylor, Vice Chair	5	6
D Travers	4	6

The Audit Committee is part of the Resources Committee.

REVIEW OF VALUE FOR MONEY

The Governors of Honiton Community College Academy Trust are committed to achieving Best Value in all decisions made. We use the principles of Best Value as they apply to securing continuous improvement 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.

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.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

This year we achieved:

- Successfully bidding for £930,000 from the Condition improvement Fund to refurbish our Science Block.
- Bid to other charities such as the Jack Riley Trust and All Hallows for additional funds to benefit teaching and learning and outdoor education.
- Took steps to enter into a Contract Cleaning provision from October 2018, thus savings funds and establishing better quality and standards.
- Savings approx.. £8,000 on the purchase of tables and stools for the Science Block through competitive tendering and negotiation.
- Raised approx.. £20,000 through the external lettings of the College facilities.
- Making effective use of the contract lists to ensure expiring contracts are renewed competitively.
- Joined the South West Schools Buying Club to look for more efficient and economical deals.
- Continued the College Decoration and Improvement Plan utilising the in-house team of Premises staff.

Next year we aim to focus on:

- Continuing to challenge the need for expenditure and to ensure that Value for Money is achieved.
- Maximising the use of the contracts list in order that expiring contracts are renewed competitively.
- 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 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 for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Griffin as internal auditor.

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

- Purchases
- Budgets
- Payroll
- Fixed Assets
- Financial Procedures
- Governance
- Regularity and Risk

The auditor reports are sent to the board of trustees through the resources committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The board confirms that the internal auditor has delivered their schedules of work as planned and any remedial actions have been identified and addressed. The three internal auditor's visits which took place resulted in a high assurance level for each area covered.

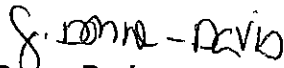
REVIEW OF EFFECTIVENESS

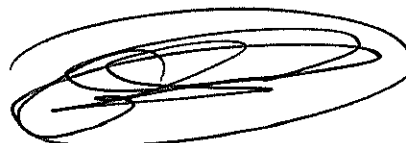
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 21.11.18 and signed on their behalf, by:


G Donne-Davis
Chair of Trustees



G N Smith
Accounting Officer

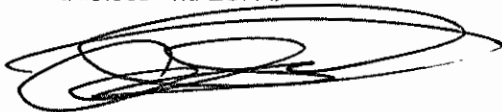
HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Honiton Community College I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



G N Smith
Accounting Officer

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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.

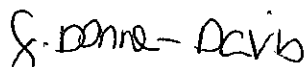
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 21.11.18 and signed on its behalf by:

G Donne-Davis
Chair of Trustees



HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of HONITON COMMUNITY COLLEGE (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

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

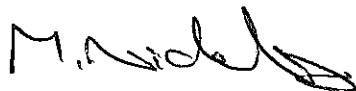
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Misty Nickells FCA (Senior statutory auditor)

for and on behalf of

Griffin

Chartered Accountants
Statutory Auditors

165 High Street

Honiton

Devon

EX14 1LQ

Date: 29/11/18

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 17th July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Honiton Community College during the year 1 September 2017 to 31 August 2018 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 and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Honiton Community College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Honiton Community College and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Honiton Community College's funding agreement with the Secretary of State for Education dated 01 July 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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


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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Misty Nickells FCA

Griffin

Chartered Accountants
Statutory Auditors

165 High Street
Honiton
Devon
EX14 1LQ

Date: 29/1/18

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted Fixed Asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	2,605	-	949,896	952,501	1,846,272
Charitable activities	3	56,159	3,895,556	-	3,951,715	4,029,158
Other trading activities	4	58,731	-	-	58,731	121,274
Investments	5	276	-	-	276	4,324
TOTAL INCOME		117,771	3,895,556	949,896	4,963,223	6,001,028
EXPENDITURE ON:						
Raising funds		15,948	-	-	15,948	10,399
Charitable activities		111,390	4,126,876	266,275	4,504,541	4,619,561
TOTAL EXPENDITURE	7	127,338	4,126,876	266,275	4,520,489	4,629,960
NET BEFORE TRANSFERS		(9,567)	(231,320)	683,621	442,734	1,371,068
Transfers between Funds	17	-	(10,922)	10,922	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(9,567)	(242,242)	694,543	442,734	1,371,068
Actuarial gains on defined benefit pension schemes	21	-	550,000	-	550,000	523,000
NET MOVEMENT IN FUNDS		(9,567)	307,758	694,543	992,734	1,894,068
RECONCILIATION OF FUNDS:						
Total funds brought forward		131,001	(2,412,758)	12,769,862	10,488,105	8,594,037
TOTAL FUNDS CARRIED FORWARD		121,434	(2,105,000)	13,464,405	11,480,839	10,488,105

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)
REGISTERED NUMBER: 07665387

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		13,146,829		12,764,470
CURRENT ASSETS					
Debtors	15	215,612		390,208	
Cash at bank and in hand		547,931		334,749	
		<u>763,543</u>		<u>724,957</u>	
CREDITORS: amounts falling due within one year	16	<u>(324,533)</u>		<u>(588,322)</u>	
NET CURRENT ASSETS			<u>439,010</u>		<u>136,635</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,585,839</u>		<u>12,901,105</u>
Defined benefit pension scheme liability	21	<u>(2,105,000)</u>		<u>(2,413,000)</u>	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,480,839</u></u>		<u><u>10,488,105</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	-		242	
Restricted fixed asset funds	17	13,464,405		12,769,862	
Restricted income funds excluding pension liability		<u>13,464,405</u>		<u>12,770,104</u>	
Pension reserve		<u>(2,105,000)</u>		<u>(2,413,000)</u>	
Total restricted income funds			<u>11,359,405</u>		<u>10,357,104</u>
Unrestricted income funds	17		<u>121,434</u>		<u>131,001</u>
TOTAL FUNDS			<u><u>11,480,839</u></u>		<u><u>10,488,105</u></u>

The financial statements on pages 27 to 52 were approved by the Trustees, and authorised for issue, on 21.11.18 and are signed on their behalf, by:

G. Donne-Davis

G Donne-Davis
Chair of Trustees



G N Smith
Accounting Officer

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	<u>128,397</u>	<u>(283,246)</u>
Cash flows from investing activities:			
Interest received		276	4,324
Purchase of tangible fixed assets		(836,277)	(1,607,191)
Capital grants from DfE Group		920,786	1,823,304
Net cash provided by investing activities		<u>84,785</u>	<u>220,437</u>
Change in cash and cash equivalents in the year		213,182	(62,809)
Cash and cash equivalents brought forward		<u>334,749</u>	<u>397,558</u>
Cash and cash equivalents carried forward	20	<u><u>547,931</u></u>	<u><u>334,749</u></u>

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Income

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

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

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

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

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

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

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

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold property	-	50/125 years
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Assets under construction	-	Nil

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

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

1.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.7 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

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

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

1.12 Fund accounting

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

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

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

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,605	-	2,605	5,415
Capital Grants	-	949,896	949,896	1,840,857
	<u>2,605</u>	<u>949,896</u>	<u>952,501</u>	<u>1,846,272</u>
<i>Total 2017</i>	<u>5,415</u>	<u>1,840,857</u>	<u>1,846,272</u>	

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	3,533,283	3,533,283	3,564,698
Pupil Premium	-	133,397	133,397	137,678
Other DfE/ESFA Grants	-	40,188	40,188	24,194
	<u>-</u>	<u>3,706,868</u>	<u>3,706,868</u>	<u>3,726,570</u>
Other government grants				
Higher Needs	-	188,688	188,688	228,304
Local Authority Grants	-	-	-	29,909
	<u>-</u>	<u>188,688</u>	<u>188,688</u>	<u>258,213</u>
Other funding				
Other income from the academy trust's educational operations	56,159	-	56,159	44,375
	<u>56,159</u>	<u>-</u>	<u>56,159</u>	<u>44,375</u>
	<u>56,159</u>	<u>3,895,556</u>	<u>3,951,715</u>	<u>4,029,158</u>
<i>Total 2017</i>	<u>44,375</u>	<u>3,984,783</u>	<u>4,029,158</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	20,120	-	20,120	45,097
Fees received	38,611	-	38,611	76,177
	<u>58,731</u>	<u>-</u>	<u>58,731</u>	<u>121,274</u>
<i>Total 2017</i>	<u>121,274</u>	<u>-</u>	<u>121,274</u>	

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest received	276	-	276	4,324
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	4,324	-	4,324	
	<hr/>	<hr/>	<hr/>	

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. CHARITABLE ACTIVITIES

	Total funds 2018 £	<i>Total funds 2017 £</i>
DIRECT COSTS		
Wages and salaries	2,115,757	2,162,649
National insurance	201,723	208,045
Pension cost	330,173	516,386
Depreciation	219,776	159,010
Educational supplies	17,858	12,576
Examination fees	55,723	70,010
Other staff costs	12,177	4,859
Other costs	98,684	99,886
Supply teachers	25,522	8,209
	3,077,393	3,241,630
SUPPORT COSTS		
Wages and salaries	437,306	588,654
National insurance	32,151	40,790
Pension cost	267,112	89,858
Depreciation	46,499	67,838
Pension income	61,000	58,000
Other staff costs	11,678	3,886
Other costs	59,183	39,730
Premises costs	357,525	266,031
Insurance	25,782	34,686
Catering	43,597	33,690
Technology costs	41,592	29,437
Legal and professional	29,141	113,155
Bank interest and charges	2,242	2,232
Governance costs	12,340	9,944
	1,427,148	1,377,931
	4,504,541	4,619,561

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	-	-	15,948	15,948	10,399
Education:					
Direct costs	2,854,175	217,069	6,149	3,077,393	3,241,630
Support costs	555,569	402,639	468,940	1,427,148	1,377,930
	<u>3,409,744</u>	<u>619,708</u>	<u>491,037</u>	<u>4,520,489</u>	<u>4,629,959</u>
<i>Total 2017</i>	<u>3,614,591</u>	<u>540,241</u>	<u>475,127</u>	<u>4,629,959</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Education	3,077,393	1,427,148	4,504,541	4,619,560
<i>Total 2017</i>	<u>3,299,630</u>	<u>1,319,930</u>	<u>4,619,560</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	266,275	226,848
Auditors' remuneration - audit	4,950	6,350
Auditors' remuneration - other services	1,000	1,450
Operating lease rentals	30,130	10,001
	<u>266,275</u>	<u>226,848</u>

HONITON COMMUNITY COLLEGE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,553,063	2,717,241
Social security costs	233,874	248,835
Operating costs of defined benefit pension schemes	597,285	606,244
	3,384,222	3,572,320
Agency staff costs	25,522	8,209
Staff restructuring costs	-	34,062
	3,409,744	3,614,591

Staff restructuring costs comprise:

Redundancy payments	-	31,062
Severance payments	-	3,000
	-	34,062

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	40	42
Administration and support	71	71
Management	5	6
	116	119

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employees benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £396,800 (2017 £467,544).

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS (continued)

As staff trustees are not remunerated in respect of their role as trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 10 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018	2017
		£	£
G N Smith	Remuneration	85,000-90,000	<i>85,000-90,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
A Holt	Remuneration	10,000-15,000	<i>40,000-45,000</i>
	Pension contributions paid	0-5,000	<i>5,000-10,000</i>
S Maplesden	Remuneration	30,000-35,000	<i>35,000-40,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
R Shorter	Remuneration	15,000-20,000	
	Pension contributions paid	0-5,000	
C Bowles	Remuneration	10,000-15,000	<i>5,000-10,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
J Boland	Remuneration	0-5,000	<i>0-5,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £396 (2017 - £1,075) were reimbursed to 1 Trustee (2017 - 4).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,633 (2017 - £1,633).

HONITON COMMUNITY COLLEGE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. OTHER FINANCE INCOME

	2018 £	2017 £
Interest income on pension scheme assets	52,000	39,000
Interest on pension scheme liabilities	(113,000)	(97,000)
	(61,000)	(58,000)

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2017	13,947,415	123,896	19,500	541,667	14,632,478
Additions	612,889	33,750	-	1,995	648,634
At 31 August 2018	14,560,304	157,646	19,500	543,662	15,281,112
Depreciation					
At 1 September 2017	1,192,629	117,489	16,223	541,667	1,868,008
Charge for the year	261,333	1,665	3,277	-	266,275
At 31 August 2018	1,453,962	119,154	19,500	541,667	2,134,283
Net book value					
At 31 August 2018	13,106,342	38,492	-	1,995	13,146,829
At 31 August 2017	12,754,786	6,407	3,277	-	12,764,470

15. DEBTORS

	2018 £	2017 £
Trade debtors	10,696	5,002
VAT repayable	68,127	57,863
Prepayments and accrued income	136,789	327,343
	215,612	390,208

HONITON COMMUNITY COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Other taxation and social security	57,204	62,376
Other creditors	83,341	85,040
Accruals and deferred income	183,988	440,906
	<u>324,533</u>	<u>588,322</u>
	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	30,944	39,917
Resources deferred during the year	46,191	30,944
Amounts released from previous years	(30,944)	(39,917)
Deferred income at 31 August 2018	<u>46,191</u>	<u>30,944</u>

At the balance sheet date the Academy was holding funds received in advance, primarily for trips being held in 2018/19.

HONITON COMMUNITY COLLEGE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	131,001	117,771	(127,338)	-	-	121,434
Restricted funds						
General Annual Grant (GAG)	-	3,533,283	(3,522,361)	(10,922)	-	-
Pupil Premium	242	133,397	(133,639)	-	-	-
Other DfE grants	-	40,188	(40,188)	-	-	-
High Needs	-	188,688	(188,688)	-	-	-
Pension reserve	(2,413,000)	-	(242,000)	-	550,000	(2,105,000)
	<u>(2,412,758)</u>	<u>3,895,556</u>	<u>(4,126,876)</u>	<u>(10,922)</u>	<u>550,000</u>	<u>(2,105,000)</u>
Restricted fixed asset funds						
Transfer on conversion	9,113,840	-	(186,451)	-	-	8,927,389
Capital expenditure from GAG	41,461	-	(879)	10,922	-	51,504
DfE capital grants	3,614,561	949,896	(78,945)	-	-	4,485,512
	<u>12,769,862</u>	<u>949,896</u>	<u>(266,275)</u>	<u>10,922</u>	<u>-</u>	<u>13,464,405</u>
Total restricted funds	<u>10,357,104</u>	<u>4,845,452</u>	<u>(4,393,151)</u>	<u>-</u>	<u>550,000</u>	<u>11,359,405</u>
Total of funds	<u><u>10,488,105</u></u>	<u><u>4,963,223</u></u>	<u><u>(4,520,489)</u></u>	<u><u>-</u></u>	<u><u>550,000</u></u>	<u><u>11,480,839</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA 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.

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

Other DfE grants - This includes, Universal Infant Free School Meals, Sports funding, rates relief and start up grants.

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

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.

DfE Capital Grants - Includes Devolved Formula Capital funding from the ESFA to cover the maintenance and purchase of the academy's assets.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
General Funds - all funds	111,637	175,388	(156,024)	-	-	131,001
Restricted funds						
General Annual Grant (GAG)	17,925	3,564,698	(3,582,623)	-	-	-
Pupil Premium	1,414	137,678	(138,850)	-	-	242
Other DfE grants	1,207	54,103	(55,310)	-	-	-
High Needs	-	228,304	(228,304)	-	-	-
Pension reserve	(2,694,000)	-	(242,000)	-	523,000	(2,413,000)
	<u>(2,673,454)</u>	<u>3,984,783</u>	<u>(4,247,087)</u>	<u>-</u>	<u>523,000</u>	<u>(2,412,758)</u>
Restricted fixed asset funds						
Transfer on conversion	9,266,886	-	(175,799)	-	-	9,091,087
Capital expenditure from GAG	42,889	-	(1,428)	-	-	41,461
DfE capital grants	1,846,078	1,840,857	(49,621)	-	-	3,637,314
	<u>11,155,853</u>	<u>1,840,857</u>	<u>(226,848)</u>	<u>-</u>	<u>-</u>	<u>12,769,862</u>
Total restricted funds	<u>8,482,399</u>	<u>5,825,640</u>	<u>(4,473,935)</u>	<u>-</u>	<u>523,000</u>	<u>10,357,104</u>
Total of funds	<u>8,594,036</u>	<u>6,001,028</u>	<u>(4,629,959)</u>	<u>-</u>	<u>523,000</u>	<u>10,488,105</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted Fixed Asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	13,146,829	13,146,829
Current assets	445,967	-	317,576	763,543
Creditors due within one year	(324,533)	-	-	(324,533)
Provisions for liabilities and charges	(4,210,000)	2,105,000	-	(2,105,000)
	<u>121,434</u>	<u>(2,105,000)</u>	<u>13,464,405</u>	<u>11,480,839</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted Fixed Asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,764,470	12,764,470
Current assets	719,323	242	5,392	724,957
Creditors due within one year	(588,322)	-	-	(588,322)
Provisions for liabilities and charges	-	(2,413,000)	-	(2,413,000)
	<u>131,001</u>	<u>(2,412,758)</u>	<u>12,769,862</u>	<u>10,488,105</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	442,734	1,371,068
Adjustment for:		
Depreciation charges	266,275	226,848
Interest received	(276)	(4,324)
Decrease/(increase) in debtors	174,596	(299,388)
(Decrease)/increase in creditors	(76,146)	3,854
Capital grants from DfE and other capital income	(920,786)	(1,823,304)
Defined benefit pension scheme cost less contributions payable	181,000	184,000
Defined benefit pension scheme finance cost	61,000	58,000
Net cash provided by/(used in) operating activities	<u>128,397</u>	<u>(283,246)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	547,931	334,749
Total	<u>547,931</u>	<u>334,749</u>

21. PENSION COMMITMENTS

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

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

Contributions amounting to £48,582 were payable to the schemes at 31 August 2018 (2017 - 50,281) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £267,069 (2017 - £273,244).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £194,000 (2017 - £196,000), of which employer's contributions totalled £149,000 (2017 - £149,000) and employees' contributions totalled £45,000 (2017 - £47,000). The agreed contribution rates for future years are 15.4% plus £33,000 per annum for employers and 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.5	23.4
Females	25.6	25.5
Retiring in 20 years		
Males	25.8	25.7
Females	28	27.9

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	(100,000)	(101,000)
Discount rate -0.1%	103,000	104,000
Mortality assumption - 1 year increase	146,000	147,000
Mortality assumption - 1 year decrease	(141,000)	(142,000)
CPI rate +0.1%	93,000	89,000
CPI rate -0.1%	(91,000)	(87,000)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,362,000	1,205,000
Gilts	69,000	-
Corporate bonds	43,000	48,000
Property	201,000	169,000
Cash and other liquid assets	34,000	46,000
Target return portfolio	317,000	287,000
Infrastructure and alternative securities	194,000	180,000
Total market value of assets	2,220,000	1,935,000

The actual return on scheme assets was £126,000 (2017 - £217,000).

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

	2018 £	2017 £
Current service cost	(330,000)	(333,000)
Interest income	52,000	39,000
Interest cost	(113,000)	(97,000)
Admin expenses	(1,000)	-
Total	(392,000)	(391,000)

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	4,348,000	4,408,000
Current service cost	330,000	333,000
Interest cost	113,000	97,000
Employee contributions	45,000	47,000
Actuarial gains	(476,000)	(526,000)
Benefits paid	(34,000)	(11,000)
	<u>4,326,000</u>	<u>4,348,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,935,000	1,714,000
Interest income	52,000	40,000
Actuarial losses/(gains)	74,000	(3,000)
Employer contributions	149,000	149,000
Employee contributions	45,000	47,000
Benefits paid	(34,000)	(11,000)
Administration expenses	(1,000)	(1,000)
	<u>2,220,000</u>	<u>1,935,000</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	30,711	15,740
Between 1 and 5 years	64,324	23,856
	<u>95,035</u>	<u>39,596</u>
Total	<u>95,035</u>	<u>39,596</u>

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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. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Principal, G Smith, is also a director of Honiton Learning Community. During the year, fees received totalled £4,580 (2017: £3,179). There were no balances outstanding at the year end.

25. AGENCY ARRANGEMENTS

The Academy distributes 16-9 Bursary Funds to students as an agent for the ESFA. In the accounting period, ended 31 August 2018, the Academy received £7,877 and disbursed £7,877 from the fund. An amount of £34,294 is included in other creditors relating to undistributed funds that are repayable to the ESFA.

The Academy distributes Local Area Partnership income as an agent for the local community. In the accounting period ended 31 August 2018 £10,000 was received by the academy and it disbursed £10,000 from the fund.

The Academy distributes income received as an agent in respect of certain activities and trips undertaken by pupils of the school. In the accounting period 31 August 2018 £94,408 was received by the Academy and it disbursed £94,408 from the fund.