



Annual report and consolidated financial statements

For the period 1 September 2016 to 31 August 2017

Exeter Royal Academy for Deaf Education, a company limited by guarantee
Registered office: 50 Topsham Road, Exeter, EX2 4NF
Tel: (01392) 267023 | Company registration no. 6585703 | Registered charity no. 1124523



Exeter Royal Academy For Deaf Education

Contents

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 8
Statement of Trustees' Responsibilities	9
Independent Auditor's Report on the Financial Statements	10 to 12
Consolidated Statement of Financial Activities incorporating Income and Expenditure Account	13 to 14
Consolidated Balance Sheet	15
Balance Sheet	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18 to 39

Exeter Royal Academy For Deaf Education

Reference and Administrative Details

Trustees (Directors)

Ms A Street (resigned 10 July 2017)

Mr P Burroughs, Honorary Treasurer and Chair (10 July 2017)

Mr D Brett (resigned 11 September 2017)

Ms M Clarke (resigned 13 July 2017)

Mr A Collyer (appointed 10 July 2017 and resigned 2 October 2017)

Mr H Convey (resigned 2 October 2017)

Mr R Davey (appointed 5 October 2017)

Mr J Dewhirst (appointed 12 December 2016)

Mr J Eva (appointed 19 March 2017 and resigned 26 September 2017)

Miss R Goswell (resigned 20 September 2017)

Mr C Hampton II

Dr J Harvey

Ms S Honey

Ms F Jarrett (appointed 12 December 2016 and resigned 10 July 2017)

Mr S King, Vice Chair (appointed 30 January 2017)

Mr C Petheram (resigned 13 June 2017)

Company Secretary

Mrs S Papworth FCCA

Key Management Personnel

Mr J Farnhill MA, Chief Executive & Principal (resigned 31 January 2017)

Mr A Donkin, Principal (appointed 1 September 2016 and resigned 28 February 2018)

Mrs K Burgess, Head of Care (resigned 31 January 2018)

Mrs D Gard, Head of College (resigned 31 December 2016)

Mr R Horton, Head of Education (appointed 15 September 2016 and resigned 18 June 2017)

Mr S Morton, Director of Development

Mrs S Papworth, Director of Finance & Resources

Principal and Registered Office

50 Topsham Road

Exeter

Devon

EX2 4NF

Company Registration Number

06585703

Exeter Royal Academy For Deaf Education

Reference and Administrative Details

Independent Auditors

PKF Francis Clark
Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Bankers

National Westminster Bank Plc
59 High Street
Exeter
Devon
EX4 3DP

Exeter Royal Academy For Deaf Education

Trustees' Report for the Year Ended 31 August 2017

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

The Charity, Exeter Royal Academy for Deaf Education (the Academy), operates a non-maintained, residential special school and specialist post 16 institution for students aged 4 to 24 years. Students are placed at the Academy by local authorities in England, Scotland and Wales. The Charity also operates a Children's Home for deaf young people.

Structure, governance and management

Constitution

The Charity is a company limited by guarantee and is a registered charity. The charitable company's memorandum and articles of association are the primary governing documents of the Charity. The company registration number is 06585703, and the charity number is 1124523.

Under the provision of Section 30 of the Companies Act 2006, the company is entitled to omit the word "Limited" from its name.

The Trustees of Exeter Royal Academy for Deaf Education are also the directors of the charitable company for the purposes of company law.

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

Members' liability

The company is limited by guarantee and has no share capital. In the event of a winding up the liability of the members is limited to £1 each.

Trustees and Governing Body

The Charity has a Board of Trustees which meets at least three times a year. Governance of the School and College is delegated to a Board of Governors which meets at least six times a year.

Method of recruitment and appointment or election of Trustees

New Trustees are appointed at a meeting of the Trustees, following a formal application process. Suitability is determined by an interest in the work of the Charity, eligibility, personal competence, specialist skills and local availability. New Trustees are inducted into the workings of the Charity on joining by the Chair of Trustees, senior staff members and the Clerk to the Board of Trustees. Trustee training is continuous and is arranged at periodic intervals covering a variety of aspects of the work of the Charity, including changes in legislation, strategic planning, safeguarding and legal aspects of education and financial policy.

Organisational structure

During 2016-17 operational management of the Charity, including the education & care of Academy students, was delegated to an Executive Board led by the Executive Principal. Details of the key management personnel who made up the Executive Board are shown on page 1. From January 2018, a quadrumvirate senior management model has been put in place by the Board of Trustees with the education and care provision being led by two Co-Principals. The Director of Finance & Resources and Director of Development are the other members of the quadrumvirate with responsibility for the other functions of the Charity. The Trustees are responsible for determining and reviewing the pay and remuneration for these staff and use benchmark information from both the education and charity sectors to do this.

Exeter Royal Academy For Deaf Education

Trustees' Report for the Year Ended 31 August 2017 (continued)

Risk management

The Trustees are responsible for the management of risks affecting the Charity and have undertaken a review of risks associated with its activities. The key controls used by the Charity include:

- Formal agendas for all Trustees and sub-committee meetings
- Detailed terms of reference for all committee meetings
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law to protect children and vulnerable adults
- Monitoring of key performance indicators

The Trustees and senior managers have undertaken a review and analysis of risk, focusing on the major aspects of operational, financial, governance management, compliance and reputational risk. The work has given rise to steps and procedures to mitigate likely risks and to ensure regular monitoring of the primary areas of potential risk.

The principal risks and uncertainties, together with a summary of how they are managed are set out below:

- Trustee recruitment and Board effectiveness – Board self-evaluation, regular training, support from external governance specialists
- Recruitment of specialist staff – high levels of investment in staff training, regular review to ensure competitive salaries and employee benefits are offered
- Suitability of current premises – plans are well advanced to move to new, purpose built facilities at Exmouth
- Safeguarding of students – intensive staff training, safeguarding systems have been strengthened and reviewed recently, a dedicated Head of Safeguarding post has been established.

Through the risk management process established by the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Objectives and activities

Objects and aims

The Charity's objects, which were revised with the permission of the Charity Commission in 2008, are as follows:

- to provide education, training, care, accommodation, leisure opportunities, welfare and other support services to deaf people and people who are not deaf but who, due to some other disability, would benefit from the same (principally though not exclusively from the counties of Devon, Cornwall, Somerset and Dorset) with the object of developing their personal, mental, physical and spiritual capacities so that they may realise their full potential as individuals and members of their communities and society as a whole and so that their condition of life may be improved; and
- to educate the general public in the needs and capabilities of deaf people with a view to achieving greater integration between deaf and hearing communities.

Exeter Royal Academy For Deaf Education

Trustees' Report for the Year Ended 31 August 2017 (continued)

Objectives, strategies and activities

Students are the primary beneficiaries of the Academy's work. The Academy enables students to learn with other deaf students, within a fully bilingual environment, supporting students to learn in both BSL and English depending on their level of needs and abilities. This allows students to acquire language and communication skills, and to develop socially and emotionally. In turn, this supports the students to excel educationally and to achieve independence. The families of the Academy's deaf students also benefit from the support given to them and from the greater wellbeing and achievement of their child. Many of our students are actively involved in setting their own targets for educational and social development. The School and College also run student councils which enable them to contribute to the decision making within the Academy. Open days for parents and all parents are also invited to the annual review of the education and care provided for their child. Parents also receive newsletters (both email and paper versions) and can communicate with their child and their teachers and care workers through the video conferencing system. The Charity also operates a small Children's Home for deaf young people.

Public benefit

The Trustees have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

The Charity provides specialist deaf education which benefits the students who attend the Academy's School & College. Admission to the School & College is open to any student for whom the specialist education has been professionally assessed as appropriate to meet their needs. Fees are charged to allow costs to be recovered, these are usually funded by local authorities and the Education and Skills Funding Agency. Local Authorities benefit as the Charity enables them to meet their statutory responsibilities to educate children with hearing impairment. Hearing children also benefit from the opportunity to access the Academy's resources through learning vocational subjects on-site with Academy students. The wider community benefit as many of the Academy's students participate in work-placements in the community, raising awareness of deafness.

The Charity also supports deaf young people who are in main stream educational settings and uses its speciality to assist other individuals and organisations who work with deaf young people. The Charity promotes the concept of reverse inclusion, where hearing people are invited into the deaf community in order to facilitate greater understanding and integration between the two groups. It also seeks to raise awareness of deafness and promote the capabilities of deaf people through publicity, partnership working, fundraising and similar activities.

Equality and Diversity

The Academy is committed to the principles of Equality & Diversity in all aspects of its work. The Academy's Equality & Diversity Policy articulates this commitment and ensures that all staff, students and volunteers are treated fairly and have equal access to learning programmes, facilities and employment opportunities.

Exeter Royal Academy For Deaf Education

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

Operational performance

This financial year saw the Charity make further significant progress with its exciting ambitions to relocate to new premises which will provide world class facilities for the education and care of deaf students. Planning permission was granted for the new Academy site at Rolle, Exmouth, Devon in October 2017 and the Charity exchanged contracts on the sale of its current site in Exeter in June 2017. It is anticipated that the Hill Barton, Exeter site, where the Academy had previously intended to move, will be disposed of during the 2017-18 financial year with funds also being used for the Exmouth development.

During November 2016 the School and College were graded as inadequate following an inspection by Ofsted. Some of the issues raised were as result of the Academy attempting to meet increasingly complex needs in inadequate facilities, resulting in becoming overwhelmed. In response to the inspection, a number of changes have been made to the leadership and governance of the Academy in order to address the weaknesses identified by Ofsted. In accordance with Charity Commission requirements, the Board of Trustees reported the outcome of the inspection to the Charity Commission as a serious incident.

The Ofsted inspection had been triggered by a safeguarding investigation in June 2016 which had inevitably reduced the new student intake in September 2016, leading to a reduction in total students and associated fee income levels. This had a significant effect on the financial position in 2016-17.

There have also been large, unplanned costs to deliver the substantial changes referred to above, including non-reoccurring expenditure of £473k for consultancy costs and additional staff training. As such an operating deficit of £1.547m has been sustained for the 2016-17 financial year. Whilst the Charity has sufficient reserves to mitigate this, the Trustees are mindful of the need to ensure the long term viability of the Charity. As such, a major staffing restructure was undertaken during the year in line with the lower student numbers. This has delivered the savings necessary to achieve a sustainable position for 2017-18 and beyond. Meanwhile, the Trustees have great confidence in the ability of the new leadership team to deliver a successful future for the Deaf Academy in the coming years.

Going concern

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

Exeter Royal Academy For Deaf Education

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report (continued)

Financial review

Reserves policy

The Trustees have reviewed the Charity's needs for reserves in line with the guidance issued by the Charity Commission. The current level of reserves is considered essential to manage the impact of the changes in special educational needs (SEN) funding and the cash-flow requirements of the Charity's new build project. The intention, when these issues have been resolved, is to aim for a reserves level equivalent to six months running costs, as this is generally considered to be good practice, providing stability and security to the Charity without being at an excessive level.

The Trustees recognise that government policy, including austerity measures, and changes in the funding of special education provision has led to some uncertainty and volatility within the sector. As such, it is considered prudent to retain reserves at a level which reasonably secures the Charity's ability to deliver its objects in the medium term.

In addition, the Charity has committed to a very significant project to build new facilities from which to operate in future. The primary source of capital funding for the project will be from the disposal of the Charity's current site, however, a major fundraising campaign is also underway. Whilst hugely exciting, the Trustees are aware that a capital project of this nature carries a high level of financial risk and cash-flow pressures which will inevitably arise as the project progresses. As such, it has been the Charity's policy to accumulate reserves in order to deal with any project related financing issues.

The Trustees are also mindful of the Charity's long term liability in respect of its share of the deficit on the Local Government Pension Scheme, which is a defined benefit scheme. At the balance sheet date, this totalled £8.111m as calculated under Financial Reporting Standard (FRS) 102. Although no immediate cash-flow implications arise from this, the Trustees are aware that increases in contribution rates may be required as a result of the deficit and that this may impact adversely on operating cost in the future.

The Charity's freely available reserves are calculated at (£3,386,448) at the balance sheet date. A significant proportion of the negative freely available reserves relates to the liabilities in connection with the purchase of the Rolle site. It is anticipated that the sale of premises at Hill Barton will be the primary funding source to settle this liability.

The Charity's total reserves have decreased by £2,281,757 against the 31 August 2016 position. This results from the trading deficit of £1,547,389, the gains on investments of £127,397, the impairment of fixed assets of £127,765 and the negative adjustment of £734,000 in respect of the increased FRS 102 pension scheme liability.

Reserves are held within unrestricted funds containing investments of £653,090 and bank deposit funds of £954,267. The balance of unrestricted funds is held in other assets and liabilities, which includes a revenue account deficit resulting from the full adoption of FRS 102. From 2007-08 onwards, the Local Government Pension Scheme actuaries have treated the Charity as a single employer and therefore full provision of the pension deficit is required, this equates to £8.111m and is as shown on the face of the balance sheet; the Charity's reserves are reduced accordingly. Investments are split between Fixed Interest and Equity Shares and held within Common Investment Funds.

Exeter Royal Academy For Deaf Education

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report (continued)

Investment policy

The objective of the investment policy is to maximise the total return of the funds whilst avoiding undue risk. No additional funds have been placed into investments during the period. The investment policy and investments held by the Charity will continue to be reviewed annually.

Investment Performance

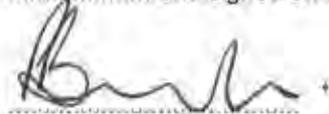
The investments are held within Common Investment Funds and are divided between Fixed Interest and Equity shares. These funds have produced an income of £30,800 for the reporting period. During 2016-17, £1m was released from investments and a net decrease in the total value of the investments of £872,603 has been experienced. The income from investments is held within the Reserve bank deposit funds which totalled £751,969.

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the Board of Trustees on 26 March 18, and signed on its behalf by:



Mr P Burroughs
Trustee

Exeter Royal Academy For Deaf Education

Statement of Trustees' Responsibilities

The Trustees (who are 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the applicable law and regulations.

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

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the group's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The 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.

Exeter Royal Academy For Deaf Education

Independent Auditor's Report on the Financial Statements to the Members of Exeter Royal Academy For Deaf Education

Opinion

We have audited the financial statements of Exeter Royal Academy For Deaf Education (the 'Charity') and its subsidiaries (the 'Group') for the year ended 31 August 2017, which comprise the Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and the Charity as at 31 August 2017 and of the Group's results 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.

Basis for opinion

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

Use of our report

This report is made solely to the Charity'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 Charity's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Exeter Royal Academy For Deaf Education

Independent Auditor's Report on the Financial Statements to the Members of Exeter Royal Academy For Deaf Education (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 Group and the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Charity'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 Group or the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Exeter Royal Academy For Deaf Education

Independent Auditor's Report on the Financial Statements to the Members of Exeter Royal Academy For Deaf Education (continued)

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 auditor's report.



.....
Martin Hobbs BSc ACA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
Devon
TQ2 7FF

Date: 4 July 2018

Exeter Royal Academy For Deaf Education

Consolidated Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Income from:				
Donations and grants	2	47,745	5,621	53,366
<i>Charitable activities:</i>				
School fees		4,760,921	-	4,760,921
Professional fees		545,767	-	545,767
New Build Fundraising Campaign		-	31,466	31,466
Other trading activities	3	68,961	-	68,961
Investments	4	32,384	-	32,384
Other income	5	38,298	-	38,298
Total		<u>5,494,076</u>	<u>37,087</u>	<u>5,531,163</u>
Expenditure on:				
<i>Charitable activities:</i>				
Academy educational operations		6,366,117	24,835	6,390,952
Redevelopment expenditure		48,394	-	48,394
Post Enquiry Improvement Plan		472,634	-	472,634
<i>Raising Funds:</i>				
New Build Fundraising Campaign		147,761	-	147,761
Other		18,811	-	18,811
Total	6	<u>7,053,717</u>	<u>24,835</u>	<u>7,078,552</u>
Net (expenditure)/income		(1,559,641)	12,252	(1,547,389)
Other recognised gains and losses				
Gains/losses on investment assets		127,397	-	127,397
Actuarial gains/losses on defined benefit pension schemes	24	(734,000)	-	(734,000)
Impairment of tangible fixed assets		(127,765)	-	(127,765)
Net movement in (deficit)/funds		(2,294,009)	12,252	(2,281,757)
Reconciliation of funds				
Total Funds brought forward at 1 September 2016		<u>4,571,103</u>	<u>832,736</u>	<u>5,403,839</u>
Total Funds carried forward at 31 August 2017		<u>2,277,094</u>	<u>844,988</u>	<u>3,122,082</u>

Exeter Royal Academy For Deaf Education

Consolidated Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Income from:				
Donations and grants	2	57,427	38,494	95,921
<i>Charitable activities:</i>				
School fees		6,093,521	-	6,093,521
Professional fees		551,570	-	551,570
New Build Fundraising Campaign		-	284,179	284,179
Other trading activities	3	79,945	12,450	92,395
Investments	4	53,269	-	53,269
Other income	5	37,985	-	37,985
Total		<u>6,873,717</u>	<u>335,123</u>	<u>7,208,840</u>
Expenditure on:				
<i>Charitable activities:</i>				
Academy educational operations		6,628,471	28,014	6,656,485
Redevelopment expenditure		37,834	1,489	39,323
<i>Raising Funds:</i>				
New Build Fundraising Campaign		166,874	2,224	169,098
Other		64,612	-	64,612
Total		<u>6,897,791</u>	<u>31,727</u>	<u>6,929,518</u>
Net (expenditure)/income		(24,074)	303,396	279,322
Other recognised gains and losses				
Gains/losses on investment assets		141,768	-	141,768
Actuarial gains/losses on defined benefit pension schemes	24	(3,031,000)	-	(3,031,000)
Impairment of tangible fixed assets		(1,420,407)	-	(1,420,407)
Net movement in (deficit)/funds		(4,333,713)	303,396	(4,030,317)
Reconciliation of funds				
Total funds brought forward at 1 September 2015		<u>8,904,816</u>	<u>529,340</u>	<u>9,434,156</u>
Total funds carried forward at 31 August 2016		<u>4,571,103</u>	<u>832,736</u>	<u>5,403,839</u>

Exeter Royal Academy For Deaf Education

(Registration number: 06585703)

Consolidated Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	14,424,816	14,263,798
Investments	11	653,090	1,525,693
		<u>15,077,906</u>	<u>15,789,491</u>
Current assets			
Debtors	12	165,743	95,527
Cash at bank and in hand		954,267	1,571,969
		<u>1,120,010</u>	<u>1,667,496</u>
Creditors: Amounts falling due within one year	13	<u>(4,325,684)</u>	<u>(2,466,298)</u>
Net current liabilities		<u>(3,205,674)</u>	<u>(798,802)</u>
Total assets less current liabilities		11,872,232	14,990,689
Creditors: Amounts falling due after more than one year	14	<u>(639,150)</u>	<u>(2,526,850)</u>
Net assets excluding pension liability		11,233,082	12,463,839
Pension scheme liability	24	<u>(8,111,000)</u>	<u>(7,060,000)</u>
Net assets including pension liability		<u>3,122,082</u>	<u>5,403,839</u>
Funds of the Academy:			
Restricted funds			
New Build Fundraising Campaign		832,255	802,984
Other restricted funds		12,733	29,752
		<u>844,988</u>	<u>832,736</u>
Unrestricted funds			
Revaluation fund		6,809,633	7,262,814
Other unrestricted funds		<u>(4,532,539)</u>	<u>(2,691,711)</u>
		<u>2,277,094</u>	<u>4,571,103</u>
Total funds		<u>3,122,082</u>	<u>5,403,839</u>

The financial statements on pages 13 to 39 were approved by the Trustees, and authorised for issue on 26 May 18 and signed on their behalf by:



Mr P Burroughs
Trustee

Exeter Royal Academy For Deaf Education

(Registration number: 06585703)
Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	13,983,669	14,263,798
Investments	11	653,090	1,525,693
		<u>14,636,759</u>	<u>15,789,491</u>
Current assets			
Debtors	12	421,793	105,701
Cash at bank and in hand		951,818	1,570,666
		<u>1,373,611</u>	<u>1,676,367</u>
Creditors: Amounts falling due within one year	13	<u>(4,110,734)</u>	<u>(2,464,463)</u>
Net current liabilities		<u>(2,737,123)</u>	<u>(788,096)</u>
Total assets less current liabilities		11,899,636	15,001,395
Creditors: Amounts falling due after more than one year	14	<u>(639,150)</u>	<u>(2,526,850)</u>
Net assets excluding pension liability		11,260,486	12,474,545
Pension scheme liability	24	<u>(8,111,000)</u>	<u>(7,060,000)</u>
Net assets including pension liability		<u>3,149,486</u>	<u>5,414,545</u>
Funds of the Academy:			
Restricted funds			
New Build Fundraising Campaign		832,255	802,984
Other restricted funds		12,733	29,752
		<u>844,988</u>	<u>832,736</u>
Unrestricted funds			
Revaluation fund		6,809,633	7,262,814
Other unrestricted funds		<u>(4,505,135)</u>	<u>(2,681,005)</u>
		<u>2,304,498</u>	<u>4,581,809</u>
Total funds		<u>3,149,486</u>	<u>5,414,545</u>

The financial statements were approved by the Trustees, and authorised for issue on 26 March 2018 and signed on their behalf by:



Mr P Burroughs
Trustee

Exeter Royal Academy For Deaf Education

Consolidated Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £	2016 £
Net cash (outflow)/inflow from operating activities	19	(1,050,089)	1,366,642
Returns on investments and servicing of finance	20	22,990	53,269
Capital expenditure and financial investment	21	<u>409,397</u>	<u>(652,639)</u>
(Decrease)/Increase in cash in the year	22	<u>(617,702)</u>	<u>767,272</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention with items being recognised at cost or transaction value unless otherwise stated in the notes to these accounts.

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102)), and with the requirements of the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS102.

The Charity is incorporated in England and Wales.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

The functional and presentational currency is sterling.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its sole subsidiary undertaking. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Income

All incoming resources are recognised when the Charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

Donations

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

Other income

Fees receivable and charges for services are accounted for in the period in which the service is provided.

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the Charity's educational operations.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under the course of construction, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

All fixed assets are initially recorded at cost, except for freehold and leasehold properties acquired before 31 August 2015. Up to and including 31 August 2015 it was the Trustees' policy to revalue freehold properties at depreciated replacement cost in the accounts due to the specialised nature of the asset as a result of the services provided by the academy. The Trustees adopted the transitional provisions of FRS 102, which provide that companies do not have to revalue tangible fixed assets. Previous valuations have been retained as deemed cost and have not been updated.

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.

Asset class	Depreciation method and rate
Freehold buildings	50 years straight line
Plant and equipment	20% straight line
Motor vehicles	20% straight line

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased assets

The costs of operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the year of disposal. Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

Stock

Stock and work in progress is valued at the lower of cost or net realisable value.

Financial Instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity 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. Prepayments are not financial instruments. Amounts due to the charity'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 cost. 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 charity's wholly owned subsidiary are held at face value.

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Taxation

The Charity is exempt from taxation to the extent that its income and gains are applied exclusively for charitable purposes.

Pension benefits

Retirement benefits to employees of the Charity are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Charity. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

The charity also operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the charity and are independently administered. The amount charged to the SOFA represents the contributions payable to the scheme in respect of the year.

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.

The charity has several restricted funds. Details of the nature of these funds are given in note 15.

Critical accounting estimates and areas of judgement

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

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

The Charity 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Subsidiary undertaking

The financial statements include the results of Exeter Deaf Academy Trading Limited, a wholly owned subsidiary. Further details of the subsidiary and its results are set out in note 11.

2 Donations and grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Grants	47,740	3,621	51,361	85,045
Donations and sponsorship	5	2,000	2,005	10,876
	<u>47,745</u>	<u>5,621</u>	<u>53,366</u>	<u>95,921</u>

3 Other trading activities

	Unrestricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	13,518	13,518	12,785
Other fundraising income	33,917	33,917	50,883
Other income	21,526	21,526	28,727
	<u>68,961</u>	<u>68,961</u>	<u>92,395</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

4 Investment income

	Unrestricted funds £	Total 2017 £	Total 2016 £
Bank interest receivable	1,584	1,584	5,731
Other investment income	30,800	30,800	47,538
	<u>32,384</u>	<u>32,384</u>	<u>53,269</u>

5 Other income

	Unrestricted funds £	Total 2017 £	Total 2016 £
Pupil Premium Income	17,581	17,581	21,724
Other Educational Fees	20,717	20,717	16,261
	<u>38,298</u>	<u>38,298</u>	<u>37,985</u>

6 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2017 £	Total 2016 £
<i>Charitable activities:</i>					
Academy's educational operations					
Direct costs	3,585,957	-	175,187	3,761,144	4,055,350
Allocated support costs	1,279,391	652,489	697,928	2,629,808	2,601,135
	<u>4,865,348</u>	<u>652,489</u>	<u>873,115</u>	<u>6,390,952</u>	<u>6,656,485</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Expenditure (continued)

	Staff costs £	Premises £	Other costs £	Total 2017 £	Total 2016 £
Redevelopment expenditure					
Allocated support costs	-	30,575	17,819	48,394	39,323
Post Enquiry Improvement Plan					
Allocated support costs	3,197	-	469,437	472,634	-
Raising funds:					
New build fundraising campaign	133,839	2,023	11,899	147,761	169,098
Other	17,094	-	1,717	18,811	64,612
	<u>5,019,478</u>	<u>685,087</u>	<u>1,373,987</u>	<u>7,078,552</u>	<u>6,929,518</u>

Net income/outgoing resources for the year includes:

	2017 £	2016 £
Fees payable to auditor - audit services	10,975	9,355
Fees payable to auditor - other audit services	3,125	4,050
Operating leases	<u>49,043</u>	<u>29,911</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7 Charitable activities

	Total 2017 £	Total 2016 £
Direct costs	3,761,144	4,055,350
Support costs	3,150,836	2,640,458
	<u>6,911,980</u>	<u>6,695,808</u>

	Educational operations £	Re- development expenditure £	Post Enquiry Improvement Plan £	Total 2017 £	Total 2016 £
Analysis of support costs					
Support staff costs	1,279,391	-	3,197	1,282,588	1,206,770
Depreciation	300,345	-	-	300,345	312,978
Premises costs	352,144	30,575	-	382,719	350,501
Other support costs	697,928	17,819	469,437	1,185,184	770,209
Total support costs	<u>2,629,808</u>	<u>48,394</u>	<u>472,634</u>	<u>3,150,836</u>	<u>2,640,458</u>

8 Staff

Staff costs

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	4,073,466	4,367,120
Social security costs	320,492	327,192
Pension costs	624,163	542,847
Apprenticeship levy	1,357	-
	<u>5,019,478</u>	<u>5,237,159</u>

Included in staff costs are redundancy and termination payments totalling £139,354 (2016: £69,624).

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff (continued)

Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year expressed as average headcount was as follows:

	2017	2016
	No	No
Charitable Activities		
Teachers	25	30
Childcare and Classroom	118	121
Catering, Cleaning and Maintenance	20	19
Administrative and Technical	30	32
	<hr/> 193	<hr/> 202

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2017	2016
	No	No
£60,001 - £70,000	2	1
£90,001 - £100,000	<hr/> -	<hr/> 1

1 (2016 - 1) of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £7,867 (2016 - £11,319) and 1 (2016 - 1) contributed to a defined contribution scheme, pension contributions amounted to £5,305 (2016 - £5,252).

The key management personnel of the Academy are as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £303,833 (2016: £443,396). In addition £274,740 was paid to other entities in respect of the services of key management personnel.

9 Trustees' remuneration and expenses

During the year the charity made payments to a trustee, Peter Burroughs, totalling £8,465 (2016: £nil) in relation to consultancy services, rather than for his services as a Trustee.

As permitted by the Memorandum and Articles of Association, during the year ended 31 August 2017, travel and subsistence expenses totalling £4,439 (2016 - £821) were reimbursed or paid directly to 4 trustees (2016 - 2).

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

10 Tangible fixed assets

Group

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 September 2016	11,270,672	2,511,029	95,224	3,591,562	17,468,487
Impairment	(127,765)	-	-	-	(127,765)
Additions	-	93,090	-	497,513	590,603
Disposals	-	(71,766)	-	-	(71,766)
At 31 August 2017	11,142,907	2,532,353	95,224	4,089,075	17,859,559
Depreciation					
At 1 September 2016	896,958	2,227,941	79,790	-	3,204,689
Charge for the year	157,400	136,936	6,009	-	300,345
Eliminated on disposals	-	(70,291)	-	-	(70,291)
At 31 August 2017	1,054,358	2,294,586	85,799	-	3,434,743
Net book value					
At 31 August 2017	10,088,549	237,767	9,425	4,089,075	14,424,816
At 31 August 2016	10,373,714	283,088	15,434	3,591,562	14,263,798

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

10 Tangible fixed assets (continued)

Company

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 September 2016	11,270,672	2,511,029	95,224	3,591,562	17,468,487
Impairment	(127,765)	-	-	-	(127,765)
Additions	-	93,090	-	56,366	149,456
Disposals	-	(71,766)	-	-	(71,766)
At 31 August 2017	11,142,907	2,532,353	95,224	3,647,928	17,418,412
Depreciation					
At 1 September 2016	896,958	2,227,941	79,790	-	3,204,689
Charge for the year	157,400	136,936	6,009	-	300,345
Eliminated on disposals	-	(70,291)	-	-	(70,291)
At 31 August 2017	1,054,358	2,294,586	85,799	-	3,434,743
Net book value					
At 31 August 2017	10,088,549	237,767	9,425	3,647,928	13,983,669
At 31 August 2016	10,373,714	283,088	15,434	3,591,562	14,263,798

Fixed assets of the group and the company include land and buildings amounting to £7,673,548 professionally valued on depreciated replacement cost basis by Vickery Holman of Exeter, Independent Valuers, on 15 January 2011.

The historical cost of the property was £1,412,989. Based on this historical cost, the annual depreciation charge would be £18,410, and accumulated depreciation at 31 August 2017 would be £311,653.

The group and company decided in the prior year to take advantage of the transitional provisions of FRS 102 to treat these revaluations as deemed cost.

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

11 Investments

Company

The Academy owns 100% of the Ordinary shares of Exeter Deaf Academy Trading Limited, a company incorporated in England and Wales (company number: 08172970, registered office: 50 Topsham Road, Exeter, Devon, EX2 4NF). The principal activity of the company is the development of a new site for Exeter Royal Academy for Deaf Education. Turnover for the year ended 31 August 2017 was £Nil, expenditure was £16,699 and the profit/(loss) for the year was (£16,699). The assets of the company at 31 August 2017 were £486,767, liabilities were £514,171 and capital and reserves were (£27,404).

Group and Company

Quoted Investments

	2017	2016
	£	£
Market value brought forward	1,525,693	1,383,925
Disposals	(906,683)	-
Revaluation	34,080	141,768
Market value carried forward	<u>653,090</u>	<u>1,525,693</u>
Historical cost	<u>415,672</u>	<u>966,175</u>

12 Debtors

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Trade debtors	56,622	31,439	56,622	31,439
Prepayments	32,947	35,956	32,947	35,956
Amounts due from subsidiary undertaking	-	-	299,221	10,217
Other debtors	76,174	28,132	33,003	28,089
	<u>165,743</u>	<u>95,527</u>	<u>421,793</u>	<u>105,701</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13 Creditors: amounts falling due within one year

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Trade creditors	991,069	903,655	792,388	903,384
Other taxation and social security	71,262	90,981	71,262	90,981
Bank loans	9,700	9,394	9,700	9,394
Other creditors	531,042	37,922	531,042	37,922
Accruals and deferred income	2,722,611	1,424,346	2,706,342	1,422,782
	<u>4,325,684</u>	<u>2,466,298</u>	<u>4,110,734</u>	<u>2,464,463</u>

The charity has a bank loan totalling £248,850 repayable over 7 years from July 2016. Interest is fixed for 7 years at 3.21%.

14 Creditors: amounts falling due after one year

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Bank loans	239,150	248,850	239,150	248,850
Accruals	-	2,278,000	-	2,278,000
Other creditors	400,000	-	400,000	-
	<u>639,150</u>	<u>2,526,850</u>	<u>639,150</u>	<u>2,526,850</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds

Group

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted funds					
CAD/CAM Equipment D&T Fund	2,680	-	(2,680)	-	-
WK Hutchings Family Support	11,957	-	(11,775)	-	182
Other restricted funds	15,115	5,621	(8,185)	-	12,551
	29,752	5,621	(22,640)	-	12,733
New Build Fundraising Campaign	802,984	31,466	(2,195)	-	832,255
Total restricted funds	832,736	37,087	(24,835)	-	844,988
Unrestricted funds					
Revaluation fund	7,262,814	-	-	(453,181)	6,809,633
Other unrestricted funds	(2,691,711)	5,494,076	(7,053,717)	(281,187)	(4,532,539)
Total unrestricted funds	4,571,103	5,494,076	(7,053,717)	(734,368)	2,277,094
Total funds	5,403,839	5,531,163	(7,078,552)	(734,368)	3,122,082

The restricted funds are set up for the following purposes:

CAD/CAM Equipment - purchase of specialised equipment for student use for Design & Technology.

WK Hutchings Family Support - To enable sign language and support to be delivered to families over a series of weekends.

Other restricted funds - various smaller projects mainly in connection with video technology, ICT, Sensory Pod, Sports & PE and Literacy.

Included within unrestricted funds of the company and group are revaluation reserve funds of £6,809,633 (2016: £7,262,814). This comprises £6,572,214 (2016: £6,703,296) in respect of the revaluation of tangible fixed assets and £237,419 (2016: £559,518) in respect of the revaluation of investments.

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	14,413,692	11,124	14,424,816
Investments	653,090	-	653,090
Current assets	299,545	833,864	1,133,409
Current liabilities	(4,339,083)	-	(4,339,083)
Creditors over 1 year	(639,150)	-	(639,150)
Pension scheme liability	(8,111,000)	-	(8,111,000)
Total net assets	<u>2,277,094</u>	<u>844,988</u>	<u>3,122,082</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17 Capital commitments

Group

	2017
	£
Contracted for, but not provided in the financial statements	<u>465,650</u>

Company

	2017
	£
Contracted for, but not provided in the financial statements	<u>465,650</u>

18 Commitments under operating leases

Group and Company

Operating leases

At 31 August 2017 the Group and Company had total future commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2017	2016
	£	£
Other		
Within one year	49,043	30,007
Within two to five years	<u>86,724</u>	<u>97,696</u>
	<u>135,767</u>	<u>127,703</u>

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2017 £	2016 £
Net (expenditure)/income	(1,547,389)	279,322
Depreciation	300,345	314,946
Investment income	(32,384)	(53,269)
Loss on disposal of tangible fixed assets	1,475	-
Defined benefit pension scheme expected return on scheme assets	158,000	152,000
Cash paid in excess of pension scheme charges	159,000	64,000
(Increase)/decrease in debtors	(83,615)	34,905
(Decrease)/Increase in creditors	(5,521)	574,738
Net cash inflow from operating activities	<u>(1,050,089)</u>	<u>1,366,642</u>

20 Cash flows from financing activities

	2017 £	2016 £
Investment income	32,384	53,269
Repayment of bank borrowings	(9,394)	-
Net cash provided by financing activities	<u>22,990</u>	<u>53,269</u>

21 Cash flows from investing activities

	2017 £	2016 £
Purchase of tangible fixed assets	(590,603)	(652,971)
Loss on disposal of tangible fixed assets	-	332
Proceeds from sale of investments	1,000,000	-
Net cash provided by/(used in) investing activities	<u>409,397</u>	<u>(652,639)</u>

22 Analysis of cash and cash equivalents

	At 31 August 2017 £	At 31 August 2016 £
Cash at bank and in hand	<u>954,267</u>	<u>1,571,969</u>
Total cash and cash equivalents	<u>954,267</u>	<u>1,571,969</u>

23 Members' liability

The company is limited by guarantee and has no share capital. In the event of a winding up the liability of the members is limited to £1 each.

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations

The Academy's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council and Aegon. Both the TPS and the LGPS are multi-employer defined benefit schemes, Aegon is a defined contribution pension scheme.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, 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 (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

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.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £252,000 (2016 - £292,000), of which employer's contributions totalled £185,000 (2016 - £210,000) and employees' contributions totalled £67,000 (2016 - £82,000). The agreed contribution rates for future years are 14% for employers plus an additional top up for the past service deficit and 5.5% to 11.4% for employees.

Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	4.20	4.10
Rate of increase for pensions in payment/inflation	2.70	2.30
Discount rate for scheme liabilities	2.60	2.20

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males retiring today	23.40	22.90
Females retiring today	25.50	26.20
Retiring in 20 years		
Males retiring in 20 years	25.70	25.20
Females retiring in 20 years	27.90	28.60

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

Sensitivity analysis on present value of scheme obligations

	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	15,437,000	13,417,000
Discount rate -0.1%	16,186,000	14,057,000
Mortality assumption – 1 year increase	16,351,000	14,113,000
Mortality assumption – 1 year decrease	15,282,000	13,363,000
CPI rate +0.1%	16,109,000	14,005,000
CPI rate -0.1%	15,512,000	13,467,000

The actual return on scheme assets was £808,000 (2016 - £808,000).

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	344,000	274,000
Interest cost	153,000	148,000
Admin expenses	5,000	4,000
Total amount recognised in the SOFA	502,000	426,000

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

	2017 £	2016 £
At start of period	13,733,000	9,633,000
Current service cost	344,000	274,000
Interest cost	296,000	378,000
Admin expenses	5,000	4,000
Employee contributions	67,000	82,000
Actuarial (gain)/loss	(496,000)	3,605,000
Losses or gains on curtailments	2,014,000	-
Benefits paid	(156,000)	(243,000)
At 31 August	15,807,000	13,733,000

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

	2017 £	2016 £
At start of period	6,673,000	5,820,000
Interest income	143,000	230,000
Return on assets less interest	660,000	574,000
Actuarial gain/(loss)	124,000	-
Employer contributions	185,000	210,000
Employee contributions	67,000	82,000
Benefits paid	(156,000)	(243,000)
At 31 August	7,696,000	6,673,000

Aegon Pension Scheme

The Aegon Pension Scheme is a defined contribution scheme. The total contribution made for the year ended 31 August 2017 was £192,302 (2016 - £190,705), of which employer's contributions totalled £145,622 (2016 - £143,269) and employees' contributions totalled £46,680 (2016 - £47,436).

Exeter Royal Academy For Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25 Related party transactions

The charity's former Chief Executive, Jonathan Farnhill, is also a trustee of the charity Signature whose primary work is as an awarding body for accredited qualifications in languages and communications used by deaf and deaf blind people. During the period between 1 September 2016 and 31 January 2017 (when Mr Farnhill resigned) the charity charged £Nil (year to 31 August 2016: £nil) to Signature. The charity made purchases from Signature during this period amounting to £300 (year to 31 August 2016: £3,702). The balance owing to Signature at 31 August 2016 was £48.

The company has taken advantage of the exemption under FRS102 from the disclosure of transactions with its wholly owned subsidiary.

26 Events after the end of the reporting period

The property at Burrator Drive was sold in October 2017 for proceeds of £365,000. Following this sale, the bank loan received on this property was repaid in full. There is an impairment charge on this property in 2017 to bring carrying value down to the sale price.