

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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<b>Members and Trustees</b>	M Clements <sup>2</sup> S A Johnson <sup>1</sup> L Price, Chair until 7 October 2016 (resigned 8 November 2016) <sup>1,2</sup> G N Smith, Principal <sup>1,2</sup> K Turner, Vice Chair until 7 October 2015 (resigned 18 December 2015) <sup>1</sup> K E Smith (resigned 11 January 2016) <sup>2</sup> J Boland, Trustee appointed as a member on 5 January 2016 <sup>1</sup>
<b>Trustees</b>	S D Maplesden <sup>1</sup> P Keeling (resigned 15 May 2016) <sup>2</sup> C Vining (resigned 1 November 2015) <sup>1</sup> R Shorter, Staff Trustee <sup>2</sup> I Copeman, Vice Chair from 7 October 2015 to 30 September 2016 (resigned 30 September 2016) <sup>2</sup> G Donne-Davis, Chair from 7 October 2016 <sup>1</sup> M A Evans <sup>2</sup> M V Harman (resigned 7 September 2015) <sup>1</sup> C Bowles, Staff Trustee <sup>1</sup> D Travers (appointed 7 October 2015) <sup>2</sup> M Gaches-Morris (appointed 2 November 2015) <sup>1</sup> A Smith (appointed 18 May 2016) <sup>2</sup> S Taylor, Vice Chair from 7 October 2016 (appointed 2 November 2015) <sup>2</sup>

<sup>1</sup> Teaching and Learning Committee

<sup>2</sup> Resources Committee

**Company registered  
number**

07665387

**Company name**

Honiton Community College Academy Trust

**Principal and Registered  
office**

Honiton Community College Academy Trust  
School Lane  
Honiton  
Devon  
EX14 1QT

**Company secretary**

S Matthews

**Accounting officer**

G Smith

**Executive Leadership  
Team**

G N Smith, Principal  
A Holt, Vice Principal  
R Robson, Assistant Principal  
M C Adams, Assistant Principal  
M Millward, Assistant Principal  
M Burrell, Director of Finance and Resources (appointed September 2015)

**Independent auditors**

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

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**Advisers (continued)**

**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 ACADEMY TRUST  
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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Honiton and the surrounding area. It has a pupil capacity of 792 and had a roll of 721 in the school census on 1 October 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

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

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

**Members' Liability**

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

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £2M.

**TRUSTEES**

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

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

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

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

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

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

**HONITON COMMUNITY COLLEGE ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

**Policies and Procedures Adopted for the Induction and Training of Trustees**

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

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

**Organisational Structure**

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

There are 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.

**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.
  - o To receive auditors' reports and to recommend the governing body action as appropriate in response to audit findings.

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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- o To recommend to the full governing body the appointment or reappointment of the auditors of the academy.
- o 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.
  - o 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.

**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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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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.
- 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

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**TRUSTEES' REPORT (continued)  
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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.

**Arrangements for Setting Pay and Remuneration of 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. 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.

**Connected Organisations, including Related Party Relationships**

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

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

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

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

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

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

Our Mission Statement - 'Success for All'

Objectives, Strategies and Activities

**Our Vision**

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

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**TRUSTEES' REPORT (continued)  
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**Our Values**

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

**Improving the Quality of Learning**

To make students better learners we aim to:

- Raise student aspiration by instilling a culture of high expectations in our community
- Tailor our teaching approaches to develop greater mastery across all key stages
- Promote opportunities for students to confidently articulate their learning

**Striving for 'Success for All'**

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

- Adapt and renew how our curriculum and assessment strategies work together at all key stages
- Empower teachers to close the gap between different groups of students

**Sustaining the Pace of Improvement**

To promote Leadership at all levels we will:

- Wholly engage with appropriate aspects of CPD program to maximize our professional development
- Place further positive emphasis on appraisal as the primary vehicle for our professional development

**Public Benefit**

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

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

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

**STRATEGIC REPORT**

**Achievements and Performance**

The Academy is in its sixth year of operation. The total number of students in the year ended 31 August 2016 was 731 but this has decreased from 756 in September 2015 due to local demographics.

Examination results for 2016 represented consistent A2 results with 97% pass rate at A2. At AS the College achieved results that were in the top 40% of Colleges for value added (ALPS methodology). GCSE results in 2016 resulted in a progress 8 score of -0.21, this was up 0.2 on last year's result.

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'. The inspection team highlighted:

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- The principal and his senior leadership team are determinedly improving the quality of education. As a consequence, current pupils make good progress in their knowledge, skills and understanding.
- Leaders have established a school-wide approach to improving the quality of teaching. This is having a positive impact on outcomes for pupils.
- Teaching is good overall and is well planned to ensure that pupils make good progress from their different starting points.
- Subject leaders are held firmly to account for the quality of teaching and the progress pupils make in their subjects. Increasingly they are taking a lead role in school improvement.
- Outcomes for key groups of pupils, including disadvantaged pupils and the most able, are improving.
- Pupils with special educational needs are well supported and they make good progress from their individual starting points.
- The good behaviour and attitudes of pupils contribute to the orderly, purposeful and positive atmosphere in the school. Their respect for themselves, others and the environment supports good learning.
- Governors demonstrate a commitment to their role in improving the quality of education provided. They have a good knowledge of the school's strengths and areas for development. They provide a good balance of support and challenge to school leaders.

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 a further £1.8M from the Condition Improvement Fund to replace the old gymnasium building with a state of the art Sports and Fitness building. Work will start in January 2017 with completion set for August 2017.

**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, £17,925 was carried forward representing 0.5% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 were 721, a decrease of 49 over 2015.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2016 this was 94%, compared to 95% in 2015.

**Going Concern**

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

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**TRUSTEES' REPORT (continued)  
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**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 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 2016 (excluding restricted fixed asset and pension reserves), the Academy received income of £4,240,983 and incurred expenditure of £4,301,330. The excess of expenditure over income for the year (before transfers) was £60,345.

At 31 August 2016 the net book value of fixed assets was £11,155,853 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The 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 Hospitalities.

**Reserves Policy**

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

The Trustees have determined that the appropriate level of free reserves should be approximately £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, reductions in pupil numbers resulting in losing a class but not wanting to lose a teacher and potential redundancy costs. Total reserves of the academy (excluding restricted fixed asset reserves and pension reserves) amount to £132,183, although £2,621 of this represents non GAG restricted funds. The remaining £129,562 (representing £111,637 unrestricted funds and £17,925 unspent GAG) is the balance that the Trustees monitor 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 as 50% of our College buildings have been declared sub-standard and in need of improvement. Their poor condition is a major drain on finances, and are educationally unfit and uninspiring.
- Contribution to the costs of a Sand Dressed Artificial Grass Pitch (AGP).

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

**Investment Policy**

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

**Principal Risks and Uncertainties**

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

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

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

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

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

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

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

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

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

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.

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

**PLANS FOR FUTURE PERIODS**

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

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

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

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

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

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**AUDITORS**

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 7 December 2016 and signed on the board's behalf by:

**G Donne-Davis  
Chair of Governors**

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

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the 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
M Clements	3	6
S A Johnson	5	6
L Price, Chair until 7 October 2016	6	6
G N Smith, Principal	6	6
K Turner, Vice Chair until 7 October 2015	2	2
K E Smith	1	1
J Boland	6	6
S D Maplesden	5	6
P Keeling	1	4
C Vining	1	1
R Shorter, Staff Trustee	6	6
I Copeman, Vice Chair from 7 October 2015 to 30 September 2016	5	6
G Donne-Davis, Chair from 7 October 2016	6	6
M A Evans	4	6
M V Harman	0	0
C Bowles, Staff Trustee	5	6
D Travers	6	6
M Gaches-Morris	4	5
A Smith	2	2
S Taylor, Vice Chair from 7 October 2016	5	5

**Governance Review**

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

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

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

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

**GOVERNANCE STATEMENT (continued)**

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- Major issues will be referred to the full governing body for ratification.

Areas of Responsibility

Subject to statutory requirements, the committee is authorised:

In consultation with the Principal and taking into consideration:

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

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

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

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

**GOVERNANCE STATEMENT (continued)**

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> Governors Expenses 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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Clements	1	6
I Copeman	5	6
M A Evans	4	6
P Keeling	2	5
L Price, Chair	5	6
R Shorter, Staff Trustee	5	6
A Smith	1	1
G N Smith, Principal	6	6
K E Smith	1	1
S Taylor	4	5
D Travers	5	5

The Audit Committee is part of the Resources Committee.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer is aware of the guide to academy value for money statements published by the Education Funding Agency and understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has ensured that the academy trust's use of its resources has provided good value for money during the academic year as set out below.

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.

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

**GOVERNANCE STATEMENT (continued)**

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**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.

This 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.

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

This year we aim to focus on:

- 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.

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

**GOVERNANCE STATEMENT (continued)**

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

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Honiton Community College Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Devon Audit Partnership, a , as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on their behalf, by:

**G Donne-Davis**  
**Chair of Trustees**

**G N Smith**  
**Accounting Officer**

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

**G N Smith**  
**Accounting Officer**

Date: 7 December 2016

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

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

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

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

**G Donne-Davis  
Chair of Trustees**

**Date: 7 December 2016**

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

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

---

We have audited the financial statements of Honiton Community College Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

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

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

15 December 2016

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

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

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In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Honiton Community College Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Honiton Community College Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Honiton Community College Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Honiton Community College Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Honiton Community College Academy Trust's funding agreement with the Secretary of State for Education dated 01 July 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

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

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**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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

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

15 December 2016

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	1,444	-	217,416	218,860	3,185
Charitable activities	5	38,368	4,112,170	-	4,150,538	4,264,786
Other trading activities	3	87,928	-	-	87,928	180,111
Investments	4	1,073	-	-	1,073	3,441
<b>TOTAL INCOME</b>		<b>128,813</b>	<b>4,112,170</b>	<b>217,416</b>	<b>4,458,399</b>	<b>4,451,523</b>
<b>EXPENDITURE ON:</b>						
Raising funds		3,874	-	-	3,874	101,331
Charitable activities		185,617	4,265,839	261,799	4,713,255	4,898,798
<b>TOTAL EXPENDITURE</b>	6	<b>189,491</b>	<b>4,265,839</b>	<b>261,799</b>	<b>4,717,129</b>	<b>5,000,129</b>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>						
Transfers between Funds	17	(60,678) (20,000)	(153,669) (18,987)	(44,383) 38,987	(258,730) -	(548,606) -
<b>NET EXPENDITURE BEFORE OTHER GAINS AND LOSSES</b>						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(1,053,000)	-	(1,053,000)	13,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(80,678)</b>	<b>(1,225,656)</b>	<b>(5,396)</b>	<b>(1,311,730)</b>	<b>(535,606)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		192,315	(1,447,798)	11,161,249	9,905,766	10,441,372
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>111,637</b>	<b>(2,673,454)</b>	<b>11,155,853</b>	<b>8,594,036</b>	<b>9,905,766</b>

The notes on pages 29 to 50 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>11,155,853</b>		11,161,249
<b>CURRENT ASSETS</b>					
Debtors	14	<b>90,820</b>		49,925	
Cash at bank and in hand		<b>397,557</b>		443,973	
		<b>488,377</b>		493,898	
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(356,194)</b>		(262,381)	
<b>NET CURRENT ASSETS</b>			<b>132,183</b>		231,517
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>11,288,036</b>		11,392,766
Defined benefit pension scheme liability	21		<b>(2,694,000)</b>		(1,487,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>8,594,036</b>		9,905,766
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	17	<b>20,546</b>		39,202	
Fixed asset funds	17	<b>11,155,853</b>		11,161,249	
Restricted funds excluding pension liability		<b>11,176,399</b>		11,200,451	
Pension reserve		<b>(2,694,000)</b>		(1,487,000)	
Total restricted funds			<b>8,482,399</b>		9,713,451
Unrestricted income funds	17		<b>111,637</b>		192,315
<b>TOTAL FUNDS</b>			<b>8,594,036</b>		9,905,766

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

**G Donne-Davis**  
**Chair of Trustees**

**G N Smith**  
**Accounting Officer**

The notes on pages 29 to 50 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	<u>(144,909)</u>	<u>(224,887)</u>
<b>Cash flows from investing activities:</b>			
Interest received		1,073	3,441
Purchase of tangible fixed assets		(137,642)	(1,391,975)
Capital grants from DfE/EFA		<u>235,062</u>	<u>1,149,040</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>98,493</u>	<u>(239,494)</u>
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		<u>443,973</u>	<u>908,354</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>397,557</u></u>	<u><u>443,973</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. 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.

**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 2015 (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

**First time adoption of FRS 102**

These financial statements are the first financial statements of Honiton Community College Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Honiton Community College Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

**1.2 FUND ACCOUNTING**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

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

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

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

Donations are recognised on a receivable basis where there is certainty of receipt 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 on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

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

On conversion the academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

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

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

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

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

**1.7 OPERATING LEASES**

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

**1.8 TAXATION**

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

**1.9 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 DEBTORS**

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

**1.11 CASH AT BANK AND IN HAND**

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

**1.12 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**1.13 FINANCIAL INSTRUMENTS**

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

**1.14 PENSIONS**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**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 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 and details of the carrying amount at the end of the reporting period is set out in the notes to the financial statements.

**1.15 AGENCY ARRANGEMENTS**

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

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

The funds received, paid and any balances held at period end are disclosed in Note 25.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.16 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.

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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease required 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**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Donations	1,444	-	-	1,444	3,185
Capital Grants	-	-	217,416	217,416	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

In 2015, of the total income from donations and capital grants, £3,185 was to unrestricted funds and £Nil was to restricted funds

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**3. OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Lettings	30,165	-	30,165	26,256
Fees received	30,750	-	30,750	130,035
Other	27,013	-	27,013	23,820
	<u>87,928</u>	<u>-</u>	<u>87,928</u>	<u>180,111</u>

In 2015, of the total income from other trading activities, £180,111 was to unrestricted funds and £Nil was to restricted funds.

**4. INVESTMENT INCOME**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Bank interest	1,073	-	1,073	3,441
	<u>1,073</u>	<u>-</u>	<u>1,073</u>	<u>3,441</u>

In 2015, of the total investment income, £3,441 was to unrestricted funds and £Nil was to restricted funds.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
Capital Grants	-	17,646	17,646	18,839
General Annual Grant	-	3,724,325	3,724,325	3,960,290
Other DfE/EFA grants	-	214,134	214,134	156,437
	<u>-</u>	<u>3,956,105</u>	<u>3,956,105</u>	<u>4,135,566</u>
<b>Other government grants</b>				
High Needs	-	142,990	142,990	96,047
Other government grants non capital	-	13,075	13,075	25,390
	<u>-</u>	<u>156,065</u>	<u>156,065</u>	<u>121,437</u>
<b>Other income from academy trust's educational operations</b>				
Sales to students	9,828	-	9,828	7,783
Other	28,540	-	28,540	-
	<u>38,368</u>	<u>-</u>	<u>38,368</u>	<u>7,783</u>
	<u>38,368</u>	<u>4,112,170</u>	<u>4,150,538</u>	<u>4,264,786</u>

In 2015, of the total income from charitable activities, £7,783 was to unrestricted funds and £4,257,003 was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	3,874	3,874	101,331
Educational operations:					
Direct costs	2,851,396	176,951	210,019	3,238,366	3,415,474
Support costs	785,816	388,607	300,466	1,474,889	1,483,324
	<u>3,637,212</u>	<u>565,558</u>	<u>514,359</u>	<u>4,717,129</u>	<u>5,000,129</u>

In 2015, the total expenditure on raising funds of £101,331 was from unrestricted funds. In 2015, of the total expenditure on charitable activities, £163,512 was from unrestricted funds, £4,506,830 was from restricted funds and £228,456 was in relation to the restricted fixed asset fund.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**7. DIRECT COSTS**

	<b>Total 2016</b>	Total 2015
Pension finance costs	57,000	55,000
Educational supplies	28,153	27,931
Examination fees	76,560	84,742
Staff development	12,789	25,708
Other costs	35,518	50,484
Supply teachers	53,908	27,216
Wages and salaries	2,189,524	2,415,124
National insurance	178,679	174,347
Pension cost	429,285	395,677
Depreciation	176,950	159,245
	<u>3,238,366</u>	<u>3,415,474</u>

**8. SUPPORT COSTS**

	<b>Total 2016 £</b>	Total 2015 £
Recruitment and support	5,830	7,997
Maintenance of premises and equipment	104,875	136,783
Cleaning	14,552	20,047
Rent and rates	86,909	77,258
Energy costs	68,757	62,394
Insurance	34,341	49,790
Security and transport	27,823	27,015
Catering	43,037	38,424
Technology costs	47,403	57,853
Office overheads	36,438	34,169
Legal and professional	121,376	142,240
Bank interest and charges	1,684	1,299
Governance	11,200	13,396
Wages and salaries	653,386	628,200
National insurance	37,224	30,752
Pension cost	95,206	86,496
Depreciation	84,848	69,211
	<u>1,474,889</u>	<u>1,483,324</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**9. NET INCOME/ (EXPENDITURE) FOR THE YEAR**

This is stated after charging:

	<b>2016</b>	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	<b>261,799</b>	228,456
Auditors' remuneration - audit	<b>6,350</b>	6,690
Auditors' remuneration - other services	<b>2,365</b>	2,950
Operating lease expenditure	<b>13,940</b>	17,002
	<b>=====</b>	<b>=====</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**10. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	2015
	<b>£</b>	£
Wages and salaries	<b>2,823,272</b>	3,007,752
Social security costs	<b>215,903</b>	205,099
Operating costs of defined benefit pension schemes	<b>524,491</b>	482,173
	<b>3,563,666</b>	3,695,024
Staff restructuring costs	<b>19,638</b>	35,572
Agency supply teacher costs	<b>53,908</b>	27,216
	<b>3,637,212</b>	3,757,812

Staff restructuring costs comprise:

Redundancy payments	<b>19,638</b>	27,688
Severance payments	-	7,884
	<b>19,638</b>	35,572

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

	<b>2016</b>	2015
	<b>No.</b>	No.
Teachers	<b>45</b>	46
Administration and support	<b>72</b>	71
Management	<b>6</b>	6
	<b>123</b>	123

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

	<b>2016</b>	2015
	<b>No.</b>	No.
In the band £60,001 - £70,000	<b>1</b>	1
In the band £80,001 - £90,000	<b>1</b>	1

Included in the prior year staff costs are non-contractual payments totalling £7,884 paid to 1 employee.

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Executive Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £412,490 (2015 - £380,616).

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, expenses totalling £1,012 (2015: £893) were reimbursed to 4 Trustees (2015: 2).

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration (being the amount received by virtue of their employment during the period when they were also a trustee) was as follows: G Smith remuneration £80,000 - £85,000 (2015: £80,000 - £85,000), G Smith employers pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000), R Shorter remuneration £20,000 - £25,000 (2015: £20,000 - £25,000), R Shorter employers pension contributions £Nil - £5,000 (2015: £Nil - £5,000), C Bowles remuneration £Nil - £5,000 (2015: £5,000 - £10,000), C Bowles employers pension contributions £Nil - £5,000 (2015: £Nil - £5,000), S Maplesden remuneration £35,000 - £40,000 (2015: £5,000 - £10,000), S Maplesden employers pension contributions £5,000 - £10,000 (2015: £Nil - £5,000).

Other related party transactions involving the Trustees are set out in note 23.

**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 £500,000 on any one claim and the cost for the year ended 31 August 2016 was £1,777 (2015: £582).

**13. TANGIBLE FIXED ASSETS**

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2015	11,861,474	19,500	117,969	541,667	12,540,610
Additions	256,403	-	-	-	256,403
At 31 August 2016	<u>12,117,877</u>	<u>19,500</u>	<u>117,969</u>	<u>541,667</u>	<u>12,797,013</u>
<b>DEPRECIATION</b>					
At 1 September 2015	759,722	13,673	91,861	514,105	1,379,361
Charge for the year	219,912	1,457	23,593	16,837	261,799
At 31 August 2016	<u>979,634</u>	<u>15,130</u>	<u>115,454</u>	<u>530,942</u>	<u>1,641,160</u>
<b>NET BOOK VALUE</b>					
At 31 August 2016	<u>11,138,243</u>	<u>4,370</u>	<u>2,515</u>	<u>10,725</u>	<u>11,155,853</u>
At 31 August 2015	<u>11,101,752</u>	<u>5,827</u>	<u>26,108</u>	<u>27,562</u>	<u>11,161,249</u>

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**14. DEBTORS**

	2016 £	2015 £
Trade debtors	10,000	1,278
VAT recoverable	19,677	22,857
Prepayments and accrued income	61,143	25,790
	<u>90,820</u>	<u>49,925</u>

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

	2016 £	2015 £
Trade creditors	15	(289)
Other taxation and social security	64,205	60,362
Other creditors	86,238	85,562
Accruals and deferred income	205,736	116,746
	<u>356,194</u>	<u>262,381</u>

	2016 £	2015 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	68,653	63,509
Resources deferred during the year	39,917	68,653
Amounts released from previous years	(68,653)	(63,509)
Deferred income at 31 August 2016	<u>39,917</u>	<u>68,653</u>

At the balance sheet date the Academy was holding funds received in advance for trips being held in the 2016/17 academic year.

**16. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	10,000	1,278
Accrued income	57,317	21,000
Cash at bank and in hand	397,557	443,973
	<u>464,874</u>	<u>466,251</u>

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	2016 £	2015 £
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	(15)	289
Other creditors	(86,236)	(85,561)
Accruals	(205,735)	(116,746)
	<u>(291,986)</u>	<u>(202,018)</u>

**17. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	192,315	128,813	(189,491)	(20,000)	-	111,637
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	24,336	3,724,325	(3,723,950)	(6,786)	-	17,925
Rates	-	40,040	(40,040)	-	-	-
High Needs funding	-	142,990	(142,990)	-	-	-
Pupil Premium	14,866	138,336	(151,788)	-	-	1,414
Other restricted income	-	48,833	(47,626)	-	-	1,207
Devolved Formula Capital	-	17,646	(5,445)	(12,201)	-	-
Pension reserve	(1,487,000)	-	(154,000)	-	(1,053,000)	(2,694,000)
	<u>(1,447,798)</u>	<u>4,112,170</u>	<u>(4,265,839)</u>	<u>(18,987)</u>	<u>(1,053,000)</u>	<u>(2,673,454)</u>

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**17. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

Fixed assets transferred on conversion	9,473,065	-	(206,179)	-	-	9,266,886
Fixed assets purchased from GAG and other restricted funds	40,816	-	(4,713)	6,786	-	42,889
Devolved Formula Capital	21,571	-	(12,608)	12,201	-	21,164
Capital surplus transferred on conversion	23,705	-	(476)	-	-	23,229
Academies Capital Maintenance Fund	1,602,092	-	(37,823)	-	-	1,564,269
Condition Improvement Fund	-	217,416	-	20,000	-	237,416
	<u>11,161,249</u>	<u>217,416</u>	<u>(261,799)</u>	<u>38,987</u>	<u>-</u>	<u>11,155,853</u>
Total restricted funds	<u>9,713,451</u>	<u>4,329,586</u>	<u>(4,527,638)</u>	<u>20,000</u>	<u>(1,053,000)</u>	<u>8,482,399</u>
Total of funds	<u>9,905,766</u>	<u>4,458,399</u>	<u>(4,717,129)</u>	<u>-</u>	<u>(1,053,000)</u>	<u>8,594,036</u>

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

**RESTRICTED FUNDS**

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

Rates - Funding received from the EFA to cover the cost of the local authority rates incurred by the academy.

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

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

Other restricted - This relates to smaller restricted income streams.

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.

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**17. STATEMENT OF FUNDS (continued)**

**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.

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

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

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

**OTHER INFORMATION**

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Tangible fixed assets	-	-	11,155,853	11,155,853	11,161,249
Current assets	460,431	27,945	-	488,376	493,898
Creditors due within one year	(348,794)	(7,399)	-	(356,193)	(262,381)
Pension scheme liability	-	(2,694,000)	-	(2,694,000)	(1,487,000)
	<u>111,637</u>	<u>(2,673,454)</u>	<u>11,155,853</u>	<u>8,594,036</u>	<u>9,905,766</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(258,730)	(548,606)
<b>Adjustment for:</b>		
Depreciation charges	261,799	228,456
Interest received	(1,073)	(3,441)
(Increase)/decrease in debtors	(40,895)	98,410
(Decrease)/increase in creditors	(24,948)	5,133
Capital grants from DfE and other capital income	(235,062)	(18,839)
Defined benefit pension scheme cost less contributions payable	97,000	(41,000)
Defined benefit pension scheme finance cost	57,000	55,000
<b>Net cash used in operating activities</b>	<b>(144,909)</b>	<b>(224,887)</b>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	397,557	443,973
Total	397,557	443,973

**21. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2013.

Contributions amounting to £51,477 were payable to the schemes at 31 August 2016 (2015: £50,113) 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.

**21. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £274,101 (2015: £253,433).

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](http://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 2016 was £215,000 (2015: £195,000), of which employer's contributions totalled £163,000 (2015: £147,000) and employees' contributions totalled £52,000 (2015: £48,000). The agreed contribution rates for future years are 17% for employers and 5.5-7.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.20 %</b>	4.00 %
Rate of increase in salaries	<b>4.10 %</b>	4.50 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.70 %
Inflation assumption (CPI)	<b>2.30 %</b>	2.70 %

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**21. PENSION COMMITMENTS (continued)**

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

	<b>2016</b>	2015
Retiring today		
Males	<b>22.9</b>	22.8
Females	<b>26.2</b>	26.1
Retiring in 20 years		
Males	<b>25.2</b>	25.1
Females	<b>28.6</b>	28.4

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

	<b>Fair value at 31 August 2016 £</b>	Fair value at 31 August 2015 £
Equities and gilts	<b>1,061,000</b>	825,000
Bonds	<b>45,000</b>	66,000
Property	<b>169,000</b>	142,000
Cash	<b>29,000</b>	31,000
Target return portfolio	<b>243,000</b>	199,000
Infrastructure and alternative assets	<b>167,000</b>	64,000
	<b>1,714,000</b>	1,327,000

The actual return on scheme assets was £196,000 (2015: £-4,000).

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

	<b>2016 £</b>	2015 £
Current service cost (net of employee contributions)	<b>(255,000)</b>	(236,000)
Net interest cost	<b>(57,000)</b>	(55,000)
Past service cost	<b>(5,000)</b>	-
	<b>(317,000)</b>	(291,000)

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**21. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	2,814,000	2,489,000
Current service cost	255,000	236,000
Interest cost	113,000	103,000
Contributions by employees	52,000	48,000
Actuarial losses/(gains)	1,192,000	(65,000)
Past service costs	5,000	-
Benefits paid net of transfers in	(23,000)	3,000
	<u>4,408,000</u>	<u>2,814,000</u>
Closing defined benefit obligation	<u>4,408,000</u>	<u>2,814,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,327,000	1,133,000
Interest income	57,000	48,000
Return on assets less interest	139,000	(52,000)
Contributions by employer	163,000	147,000
Contributions by employees	52,000	48,000
Benefits paid plus unfunded net of transfers in	(23,000)	3,000
Administration expenses	(1,000)	-
	<u>1,714,000</u>	<u>1,327,000</u>
Closing fair value of scheme assets	<u>1,714,000</u>	<u>1,327,000</u>

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable non land and buildings operating leases was:

	2016 £	2015 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	10,001	9,382
Between 1 and 5 years	15,666	2,877
	<u>25,667</u>	<u>12,259</u>
Total	<u>25,667</u>	<u>12,259</u>

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**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at an arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account (in addition to the staff governors remuneration as disclosed in Note 12):

The Principal, G Smith, is also a Director of Honiton Learning Community. During the year, fees received totalled £5,530 and expenses of £500 were charged to the charity. There were no balances outstanding at the year end.

**24. 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.

**25. AGENCY ARRANGEMENTS**

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2016 the Academy received £13,785 and disbursed £13,785 from the fund. An amount of £34,759 is included in other creditors relating to undistributed funds that is repayable to EFA.

The academy also distributes Local Area Partnership income as an agent for the local community. In the accounting period ended 31 August 2016 £10,000 was receivable by the Academy and it disbursed £16,874 from the fund. An amount of £15,279 is included in other creditors relating to undistributed funds.

**26. GENERAL INFORMATION**

Honiton Community College Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is School Lane, Honiton, Devon, EX14 1QT.

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**27. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		10,441,372	9,905,766
Total funds reported under FRS 102		<u>10,441,372</u>	<u>9,905,766</u>
<b>Reconciliation of net income/(expenditure)</b>	<b>Notes</b>		31 August 2015 £
Net (expenditure) previously reported under UK GAAP			(523,606)
Change in recognition of LGPS interest cost			(25,000)
Net movement in funds reported under FRS 102			<u>(548,606)</u>

Explanation of changes to previously reported funds and net income/expenditure:

Change in recognition of LGPS interest cost	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £25,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.
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