



**EXETER COLLEGE**  
**Annual Report and Financial Statements**  
**Year ended 31 July 2021**

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## **EXETER COLLEGE**

### **Reference and Administrative Details**

#### **Board of Governors**

A full list of Governors is given on Page 14 &15 of these financial statements.

#### **Senior management team**

Key management personnel are defined as members of the College Leadership team and were represented by the following in 2020-21:

Principal & Accounting Officer:	Mr J Laramy
Chief Financial Officer:	Mr R Church (Appointed 5 August 2020)
Vice Principal – Schools, Partnerships & Curriculum:	Mr R Bosworth
Vice Principal – Performance:	Ms J Otty
Clerk to the Corporation	Mrs A Layton-Hill

#### **Professional advisers**

##### **Financial statement and regularity auditor:**

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

##### **Internal auditors:**

TIAA  
Business Support Centre  
54-55 Gosport Business Centre  
Aerodrome Road, Gosport  
Hampshire, PO13 0FQ

##### **Bankers:**

Lloyds Bank plc  
PO Box 340  
234 High Street  
Exeter  
EX4 3ZB

##### **Solicitors:**

Foot Anstey Solicitors  
Senate Court  
Southernhay Gardens  
Exeter  
Devon  
EX1 1NT

##### **Property consultants:**

Peninsula Project Consulting  
Redwoods  
2 Clyst Works  
Clyst Road  
Topsham

The 2020/2021 academic year has been a year of significant challenge and success for Exeter College. Despite the unprecedented constant disruption brought about by the Covid-19 pandemic, it is testament to teaching staff, support staff and the learners that teaching and learning has adapted to these challenges. Where possible, face-to-face teaching has been prioritised and, in conjunction with the development of effective remote teaching and learning, a successful blended model has evolved. Governors have played a strong supporting role to the Senior Leadership Team to ensure that emerging issues are considered and responded to and that the Board was supporting the wellbeing of staff and students.

The Board has presided over a strong year for the College, with organisation-wide focus on student outcomes, the learner experience, quality and robust financial management. The Board's objective of achieving at least "Good" financial health has again been achieved in a year in which almost £14 million was invested in the buildings and equipment in order to create an environment that inspires learners, staff, employers and other stakeholders to engage with education, training and partnerships. More detail on these developments will follow later. Whilst the College operates in a sector of tight margins, through effective and disciplined financial management, we have achieved a balance of maintaining a successful environment with quality at its core, whilst achieving a small surplus to enable cash generation for future capital investments.

During the year, the Governing Body finalised a new Strategic Plan, setting out our expectations for what we expect to be achieved at Exeter College over the next five years. This new Plan sets out our vision to be an exceptional college and, in doing so, highlights a number of headline priorities for our future. The Plan is represented through five clear dimensions, three of which cover the key areas of curriculum, with the remaining dimensions of 'Finance and Resources' and 'People' underpinning and supporting the key aims and objectives.

Our Plan focuses on the role of Exeter College in the city of Exeter and the partnerships we pride ourselves on with business, industry and the community. We feel that this is a critical aspect in helping the city to recover from the impact of the pandemic. We expect curriculum reform to continue at pace with significant development and opportunity for adult and higher technical training. We are also prepared, through our Estates Masterplan, to develop and evolve our Estate environment in order to improve the condition of our teaching spaces whilst creating much needed additional space to accommodate growth. Demographic analysis forecasted for the next ten years for the Exeter and wider Devon area suggests further growth exceeding 20% in the 16-19 cohort.

A key theme in recent years at Exeter College has been the consistent growth in learner numbers and income. We grew from 5,871 funded full-time learners in 2019/20 to 6,218 in 2020/21. In spite of expectations (reflected in our budget for the year) of significant reductions in Apprenticeship and Higher Education numbers due to the consequences of Covid-19, our performance in these areas for 2020/21 was only marginally down on the prior year. These numbers have been followed up in the successful enrolment sessions for the 2021/22 academic year resulting in significant further growth. We continue to be one of the largest 16-18 providers in the country, one of the few institutions achieving this without a merger. Our key issue currently is creating the space to accommodate the growth we are experiencing.

Following the T Level construction work carried out in 2019/20, capital investment works continued in 2020/21 to plan, despite the difficulties posed by Covid-19 disruption. The Digital and Data Centre at the main Hele Road site was completed in early 2021. The first phase of the College Masterplan, this was built with 50% grant funding and is part of the South West Institute of Technology Collaborative. Further, following the collapse of Flybe in 2020, we took over responsibility for the Flybe Training Centre near Exeter Airport and have re-branded it as the Future Skills Centre ("FSC"). In partnership with Devon County Council and supported by grant funding from the Prime Minister's 'Get Building Funding' and the Heart of the South West Local Enterprise Partnership ("HoTSW LEP"), renovation of the building was completed in early 2021 to make it a hub for skills training, reskilling, future skills and business connectivity.

Further capital improvement works have also been undertaken college-wide, funded by the Further Education Capital Allocation, enabling us to refresh and renovate parts of the College Estate that were in need of attention. We now look forward to delivering the next phases of the College Estates Masterplan to remove poor condition buildings and create efficient space to accommodate the projected growth. We have applied for the Further Education Capital Transformation Fund to enable us to demolish poor category space on our main Hele Road site and replace it with fit-for-purpose teaching space. If successful, we would aim to commence this work during the 2021-22 academic year.



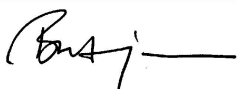
**STATEMENT FROM THE CHAIR OF THE BOARD (Continued)**

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Partnership working has always been central to our approach and to our delivery. Even during the pandemic, we have successfully developed and enhanced our partnership network building on our strong and well-established partnerships with local schools, the University of Exeter, the City and County Councils, Chambers of Commerce in Exeter, and Devon and Plymouth, major local employers, employer organisations and sports bodies. We look forward to developing these relationships further in a post-pandemic face-to-face environment.

The Board remains strong in the quality and breadth of its membership and continually renews itself through our 4 + 4 year maximum 8-year term of office. We have worked to ensure a good gender and age balance on the Board and continue to focus on working to ensure that our membership is representative of the community we serve. The Board has led a sustained period of growth, success and rising quality and we face the sectoral, political, curriculum and financial challenges ahead with a very high degree of confidence. I am grateful to the governors, leadership team, staff, supporters and, above all, the learners of the College in delivering another successful year.

Finally, I would like to thank David Allen OBE for his hard work, dedication and commitment as Chair of the Board of Exeter College in recent years and am honoured to commence this academic year as the new Chair. I look forward to serving the learners, staff and stakeholders of the College in this new role over the term of my appointment.



**Bindu Arjoon**  
**Chair of the Board of Exeter College**

## **OBJECTIVES AND STRATEGY**

The governing body present their annual report together with the financial statements and auditor's report for Exeter College for the year ended 31 July 2021.

### **Legal status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Exeter College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### **Vision, Mission and Dimensions**

In 2020/21, Exeter College launched its current Strategic Plan (2020-25) which incorporates the following Vision, Mission and Dimensions.

#### ***Vision***

To be an exceptional college.

#### ***Mission***

To shape futures by delivering world-class education and training for our city and region.

#### ***Our Dimensions***

1. Sixth Form:

To inspire young people in our region through the provision of an inclusive and ambitious curriculum which is an engine for social mobility.

2. Higher Education and Adult Learning:

To deliver exceptional education and training that fulfils individuals' ambitions.

3. Apprenticeships and Employers:

To be essential to the region's skills development strategy, by shaping agile and forward-looking training and skills for the benefit of Apprentices, Employers and Stakeholders.

4. People

To be an exceptional employer where staff thrive because they feel valued, engaged and challenged.

5. Resources and Business Operations

To provide exceptional facilities and support in a sustainable environment.

Within the detail of the Strategic Plan, for each Dimension, 'Our Provision' details the objectives of the Dimension and a series of measurements are included under the banner of 'What would success look like'. The 'Provision' and 'What would success look like' will be reviewed by the Board on a regular basis to assess successful delivery of the Strategic Plan.

## **EXETER COLLEGE**

### **Resources**

The College employs 1,164 people, of whom 993 are teaching staff.

In 2020/21, Exeter College enrolled approximately 11,000 students. The College's student population includes 6,218 16-to-18-year-old students, 2,287 apprentices, 295 higher education students, 51 international students and 623 adult learners.

Excluding the pension reserve, Net Assets of the Group are £40.0m (2019/20: £36.2m) and the College £40.2m (2019/20: £36.3m). The Group pension reserve now totals £42.3m (2019/20: £40.1m), resulting in College and Group Net Assets becoming negative. Including this pension reserve, the Group has (£2.3m) of consolidated net liabilities (2019/20: £3.9m), and long-term debt of £8.9m (2019/20: £6.8m).

Tangible resources include the College sites as follows:

- Five primary College sites in Exeter city centre, including the main Hele Road site, the Maths and Science Centre, Victoria House, the CCI building and the Sports Hall
- The Technology Centre at Monkerton
- The Construction Centre at Sowton
- The Outdoor Education Centre at Haven Banks, on the Quayside in Exeter, in partnership with Devon County Council and
- The Exwick sports facilities in conjunction with Exeter City Council.

During the course of 2020/21 a £5m capital project to invest in T Level provision was completed, along with the completion of the Digital and Data Centre at the Hele Road site, part of the South West Institute of Technology collaboration. In addition, Exeter College renovated the former Flybe Training Centre near Exeter Airport, re-branding it as the Future Skills Centre.

The College has an outstanding reputation locally, regionally and nationally. Maintaining a high-quality brand is essential for the College's success at attracting students, staff and external relationships. In the last Ofsted inspection in 2014, Exeter College was rated as Outstanding.

### **Stakeholders**

In line with other colleges and with universities, Exeter College has many stakeholders. These include:

- Current and former students
- Staff
- Governors
- Trade unions
- Local employers
- Parents & schools
- Exeter University
- Other FE and HE institutions
- The local community
- Local Authorities
- Local Enterprise Partnership
- Funding Agencies
- Lenders
- Professional bodies

### **Public Benefit**

Exeter College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14 and 15. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

## **EXETER COLLEGE**

The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

## **DEVELOPMENT AND PERFORMANCE**

### **Financial results**

Before an actuarial gain in respect of pensions of £879k, the Group generated a surplus from operations of £703k (2019/20: deficit of £772k). The Group received 71% of its total income for 2020/21 as grants from funding bodies (excluding apprenticeships), most notably from the Education and Skills Funding Agency for 16-18 provision. The improvement in performance from the prior year was largely due to an increase in funding from the ESFA in relation to the 16-18 cohort, from £25.6m in 2019/20 to £30.1m in 2020/21 due to growth. There has been a corresponding increase across most cost lines to deliver this growth in numbers, most notably staff costs from £29.6m to £32.1m.

Excluding the pension reserve, Net Assets of the Group are £40.0m (2019/20: £36.2m). The pension reserve deficit of £42.3m (2019/20: £40.1m) results in Group Net Assets becoming negative (£2.3m); (2019/20: £3.9m). The Group's main asset is its Land and Buildings (including Assets in the course of construction), with a net book value of £61.7m. This has increased from £53.8m in 2019/20 primarily as a result of the completion of the Digital and Data Centre, part of the South West Institute of Technology collaboration.

Cash balances at year end were £8.4m (2019/20: £8.5m). A new £3m loan was taken out during the year to fund the completion of the Digital and Data Centre. The cash balances will continue to be used to support the development and implementation of the strategic plan, property Masterplan and rewarding staff based on overall College performance.

Whilst the effects of Covid-19 did not significantly adversely affect the academic year in terms of the core College financial performance, the related commercial activities were appreciably influenced. The catering, outdoor educational and nursery operations were impacted throughout lockdown, with the loss in income not fully mitigated through related cost savings.

### **Cash flows and liquidity**

At £7.6m (2019/20: £4.1m), Group net cash flow from operating activities was strong. The increase from the prior year is due to an improvement in operating performance before depreciation and pension costs.

During the year the College took out a secured loan of £3m in order to help finance the Digital and Data Centre as part of the South West Institute of Technology collaboration on the main Hele Road site. The balance of the capital cost was met by use of the Group's cash reserves alongside receipt of a capital grant from the government.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this cushion was sizeable; the interest paid of £332k and repayment of amounts borrowed of £761k was clearly exceeded comfortably by the operating cashflow of £7.6m.

### **Developments**

The Group's developments in the year included tangible fixed asset additions amounting to £13.8m. This was split between Land and buildings (including Assets in the course of construction) of £10.5m and Equipment of £3.3m. In the main, this related to the new Digital and Data Centre on the Hele Road site, part of the South West Institute of Technology collaboration.



## **EXETER COLLEGE**

### **Reserves**

The group has accumulated reserves (excluding Revaluation reserve and Pension reserve) of £31.7m and cash and cash equivalent balances of £8.4m. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet significant future capital requirements in order to accommodate growth.

### **Sources of income**

The Group has significant reliance on the education sector funding bodies and received 71% of its total income for 2020/21 as grants from funding bodies (excluding apprenticeships), most notably from the Education and Skills Funding Agency for 16-18 provision.

### **Group companies**

The College has three subsidiary companies. The College owns 100% of the issued ordinary £1 shares of Aplus Training (SW) Limited which remained dormant throughout the year and Exeter College Apprentices Limited which became dormant in the last financial year. The third wholly owned subsidiary is Exeter College Services Limited (formally Ecole Limited). The principal activity of Exeter College Services Limited during the period was that of the provision of Nursery services.

### **Future developments**

During 2017 the College launched an estates Masterplan producing a vision for our city centre sites (Hele Road and Queen Street) to accommodate a projected 30% growth in students over the period of the Masterplan. Outline planning permission with a 15 year time frame for redevelopment of the Hele Road site was achieved in July 2019. At the same time, the College also gained approval for the first phase of the Masterplan at the Hele Road site, a £10million Digital and Data Centre as part of the wider South West Institute of Technology. This project was completed during this year.

Given the growth in recent years, Exeter College is full and in need of further facilities. In addition, as the College continues to launch courses and training programs to align to local business and skills needs, new space and equipment is essential. During the year, the next stage for the Masterplan has been further developed, with planning approval received for the replacement of poor condition estate on the Hele Road site, to be replaced by fit-for-purpose, modern buildings. Funding to develop this strategically important investment has been sought from the government and, if successful, this demolition and re-build will commence in 2021/22.

In spite of Covid-19 impacting on the nation in many ways, enrolment for 2021/22 was strong and our expectation if local and national rules allow, is to continue our College-based teaching and learning model where possible. Additional costs are expected to continue to be incurred in 2021/22 to ensure the College is Covid-secure and that a safe environment is provided for staff and learners alike. We are optimistic regarding further impact on our commercial operations but continue to maintain and update contingency plans.

The College continues annually to invest in IT and smaller scale estates projects. With the demands of Covid-19 for remote teaching and learning contingencies and to combat the threat of cyber security attacks, we anticipate that further funds will be allocated to IT infrastructure and hardware during the course of 2021/22.

### **Financial plan**

The College governors approved a financial plan in July 2021 which sets objectives for the period to 2022. The College aims to maintain its health rating of at least 'Good' and achieve a surplus in the year to 31 July 2022 in order to generate cash for further investment in the estate, IT and specialist faculty equipment.

In line with the available demographic data through the Office of National Statistics, growth has been forecast across income lines, with the resultant teaching and support staff costs also increased. Cost increases have also been included to account for expected inflationary pressures. A rebound in commercial income lines is expected if disruption from Covid-19 is reduced compared to 2020/21.

### **Treasury policies and objectives**

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities.

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Borrowing requires authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Education and Skills Funding Agency.

### Reserves Policy

The College recognises the importance of reserves in the financial stability of the organisation and ensures that adequate resources are in place for the College's core activities. The College currently holds no restricted reserves. It is the Corporation's intention to maintain reserves over the life of the strategic plan, by the generation of annual operating surpluses, to in part invest in future phases of the property Masterplan.

The College considers its reserves (excluding pension reserves) to be at a sufficient level to fund the Masterplan requirements for the foreseeable future, as the pension liability will be settled over a long term period.

### PRINCIPAL RISKS AND UNCERTAINTIES

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls.

A risk register is maintained at the College level which is reviewed regularly by the Senior Leadership Team and the Audit and Risk Assurance Committee on at least a termly basis. In addition, each risk has been allocated to the relevant governance committee for additional oversight. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the College are outlined below. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Response to ongoing funding pressures while maintaining the quality of our provision
- Failure to sustain Ofsted outstanding and TEF Gold rating
- Failure to respond to curriculum and assessment changes
- Failure to meet safeguarding and Prevent Strategy requirements
- Failure to accommodate and coordinate all GCSE Maths and English students for their exams
- Lack of availability of funding to support student travel
- Failure to detect fraud
- Failure to maintain financial stability (including inflation impact)
- Failure to successfully implement new apprenticeships model
- Failure to recruit 16-18 learners
- Increased competition for HE students
- Failure to control and deliver capital and revenue projects
- Failure to provide sufficient specialist resources, social space and accommodation to support students (including T levels)
- Failure to recruit high quality staff and managers
- Student residential accommodation – capacity and safeguarding
- Failure to make a success of the nursery collaboration project
- New and increased competition
- Adverse publicity and reputation damage
- Breach of legislation
- IT security – risk of cyber attack
- Insufficient capacity within IT resources (hardware and infrastructure) following period of rapid development
- Failure to meet Equality & Diversity, British Values, commitment, access legislation and expectations
- Impact of Covid-19

These risks are being addressed through the College's Strategic and Operational plans. With well-established risk management processes that are embedded in the operations of the College, the additional priorities resulting from Covid-19 have been effectively absorbed into the running of the College. Whilst Covid-19 considerations have been

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overlaid across numerous parts of the organisation, a separate group has been established to ensure an agile evolving plan as Covid-19 develops and evolves.

### KEY PERFORMANCE INDICATORS

The Governing Body agreed the following objectives at part of the budget setting process.

1	To sustain at least Good Financial Health, as categorised by the ESFA.	Achieved
2	To maintain a strong retained cash position (Minimum year end cash reserves of £2m (£1m minimum at any point in year)	Achieved – year end cash reserves of £8.4m, minimum month end balance of £6.0m
3	To maintain liquidity to meet short term requirements. Current ratio > 1	Achieved – Group current ratio at year end of 1.43
4	To manage long term borrowing and overall debt. Borrowing as a percentage of income less than 30%	Achieved - Borrowing as a percentage of income 20.8%
5	To achieve an agreed annual operating surplus. EBITDA (as a % of income) > 7%*	Achieved - Annual EBITDA as a percentage of income 13.8%
6	To continue to grow group income in line with strategic objectives. Annual Income > £43m	Achieved - Annual income £47.1 million

\*Excludes the Actuarial year end adjustments to pension costs.

All objectives were met in year.

### Student achievements

Students continue to prosper at the College. In spite of another year of disrupted study as a result of the global pandemic, through the College's curriculum strategy, a clear line of sight to employment, further or higher education is embedded in the teaching, learning and tutor structures at the College.

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2020 to 31 July 2021, the College paid 95% of its suppliers within the month. The College incurred no interest charges in respect of late payment for this period.

## EQUALITY AND DIVERSITY

### Equality

Exeter College is committed to ensuring equality of opportunity for all who learn and work here. Safeguarding is at the core of all the College's operations. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.



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The College's Equality and Diversity Policy is published on the College's Internet site.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An Equality and Diversity Policy is in place and is monitored by managers and governors.

### Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010.

- a) As part of its accommodation strategy the College regularly updates its access audit.
- b) There is a list of specialist equipment, such as laptops, audio devices and assistive technologies, which the College can make available for use by students.
- c) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in College prospectuses, and are available in print and online (accessible versions of the prospectus are also available on request). The College works with schools to support transition to College.
- f) Counselling and welfare services are described in the College Student Handbook and signposted at induction and through our tutorial programme. Students are also provided with the Student Code of Conduct and IT policy at induction.

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Numbers of employees who were relevant period	FTE employee number
12	10.54

Percentage of time	Number of employees
0%	-
1-50%	12
51-99%	-
100%	-

Total cost of facility time	£11,101.10
Total pay bill	£28,227,374
Percentage of total bill spent on facility time	0.039%



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Time spent on paid trade union activities as a percentage of total paid facility time	0%
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### GOING CONCERN

After making appropriate enquiries, the corporation considers that the College 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.

During the Covid-19 pandemic, whilst commercial income has been significantly impacted, the College does not have a reliance on this income stream for its viability. Through growth in learner numbers and in delivering sought after apprenticeship and training courses, the financial impact on the College during the pandemic has been minimal.

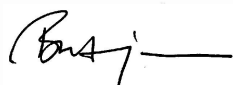
### EVENTS AFTER THE REPORTING PERIOD

There are no post balance sheet items in the financial statements to report.

### DISCLOSURE OF INFORMATION TO AUDITORS

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 10.12.2021 and signed on its behalf by:



**Bindu Arjoon**  
**Chair of the Board**

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

## CORPORATE GOVERNANCE

The following statement is provided to enable readers of the annual report and accounts to gain an understanding of the College's governance and legal structure.

The College is committed to exhibiting best practice in all aspects of corporate governance. While there is no legal requirement for the College to adopt a code of Governance, the College applies the principles set out in the Association of Colleges Code of Good Governance for English Colleges March 2015; amended May 2019 (the Code) and embeds those principles into its procedures and processes. The College considers the standards set out in the Code as guidance of best practice. The College also draws on those aspects of the UK Corporate Governance Code and the Charity Governance Code that it considers are relevant and beneficial to support effective governance across the College.

In the opinion of the Governors, the College complies with the provisions of the Code and it has complied throughout the year ended 31 July 2021. The Governing body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code, which it formally adopted at the September 2015 meeting of the Governing body.

The College is an exempt charity within the meaning of part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

## THE CORPORATION

The governors, including co-opted members, who served on the Corporation during the year and up to the date of approval of this report were as listed in Table 1. Attendance data refers only to Board and Committee meetings held between 01/08/20 and 31/07/21 on which Members served, not where Members attended as observers.

**Table 1: Corporation Members during 2020/21 and up to the date of approval of this report**

Name	Appointment Dates	Terms of Office	Resignation Dates	Appointment Status	Board & Committees 01/08/20-31/07/21 (meetings attended/scheduled meetings)
D Allen <i>Chair until 31/07/21</i>	01/04/13 01/04/17 18/03/10 (extension to 31/07/21)	4 years 4 years	31/07/21	External	Board (5/5) Business Services (4/4) Search & Governance (3/3) Remuneration (3/3)
B Arjoon <i>Vice Chair</i> <i>Chair from 01/08/21</i>	01/08/13 01/08/17 30/04/21 (approval of third term to 31/07/23)	4 years 4 years 4 years		External	Board (5/5) Quality & Standards (4/4) Search & Governance (3/3) Remuneration (3/3)
H Ancient	01/08/18	4 years	31/07/21	External	Board (5/5) Business Services (4/4)
S Brampton	9/10/15 9/10/19	4 years 4 years		External	Board (2/5) Audit & Risk Assurance (4/4) Search & Governance (2/3) Remuneration (2/3)
S Clarke	04/05/18	4 years		External	Board (4/5) Quality & Standards (4/4)
O Dupont	19/10/21	1 year	31/08/21	Student (HE)	Board (4/4) Quality & Standards (2/3)
S Hills	09/10/20	4 years	16/04/21	External	Board (2/2) Quality & Standards (2/2)

## EXETER COLLEGE

Name	Appointment Dates	Terms of Office	Resignation Dates	Appointment Status	Board & Committees 01/08/20-31/07/21 (meetings attended/scheduled meetings)
N Hitchings	07/02/20	4 years		External	Board (5/5) Audit & Risk Assurance (4/4)
R Hutchins	15/03/21	4 years		Co-opted	Audit and Risk Assurance (1/1)
J Laramy	01/04/16	Ex officio		Principal & CEO	Board (5/5) Business Services (4/4) Quality & Standards (4/4) Search & Governance (3/3)
S Longmore	07/12/18	4 year		Staff (T&L)	Board (5/5) Quality & Standards (4/4)
T Matthew	01/09/19	1 year	31/8/20	Student (FE)	N/A resigned on 31/08/20
J Matthews	01/08/13 01/08/17 03/05/19 01/01/21	4 years 4 years 4 years 1 year	31/12/20	Co-opted External Co-opted	Audit & Risk Assurance (4/4)
C McCormack	01/05/20	4 years		External	Board (4/5) Business Services (4/4)
S Noakes	06/07/18	4 years		External	Board (3/5) Business Services (3/4)
M Owen	07/02/20	4 years		Co-opted	Business Services (2/4)
T Quine	03/07/20	4 years		External	Board (5/5) Quality & Standards (4/4)
P Randall	06/07/21	2 years		External (Schools)	Board Quality & Standards
M Roach	08/12/10 17/12/14 07/12/18	4 years 4 years 4 years		External	Board (5/5) Business Services (4/4) Remuneration (3/3) Search & Governance (3/3)
V Roberts	03/07/20	4 years		Staff (Business Support)	Board (5/5) Quality & Standards (4/4)
T Rutherford	07/07/19	2 years	06/07/21	External (Schools)	Board (5/5) Quality & Standards (4/4)
T Smith	01/10/19	1 year	31/08/20	Student (HE)	N/A resigned on 31/08/20
D Underwood	12/10/12 12/10/16	4 years 4 years	11/10/20	External	Board (1/1) Audit and Risk Assurance (1/1) Quality and Standards (1/1)
G Valastro	31/07/20	1 year		Student (FE)	Board (4/5) Quality & Standards (3/4)
E Webber	18/02/11 18/02/15 31/7/19 Extension to a third term to 31/07/23	4 years 4 years 4 years		External	Board (5/5) Business Services (4/4) Search & Governance (3/3) Remuneration (3/3)
A Westcott	15/03/21	4 years		Co-opted	Audit and Risk Assurance (1/1)
S Wolkowski		4 years	30/04/21	External	Board (1/1) Business Services (1/1)
G Woodcock	07/10/16 07/10/20	4 years 4 years		External	Board (4/5) Business Services (3/4)

Alison Layton-Hill was the Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.



**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

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The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets five times each academic year plus extraordinary meetings when required. During the year due to the restrictions imposed by Covid-19 all Board meetings were held remotely except for the July meeting, which was held in person in a Covid secure manner.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Business Services, Audit and Risk Assurance, Remuneration, Search and Governance and Quality and Standards. Due to the restrictions imposed by Covid-19 all Committee meetings were held remotely. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

Exeter College  
Hele Road  
Exeter  
Devon  
EX4 4JS

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal/CEO (Accounting Officer) of the College are separate.

**APPOINTMENTS TO THE CORPORATION**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, comprising of the Chair and Vice Chair of the Board, the Principal, the Chairs of the Committees and a long standing, experienced governor, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. The usual number of terms that a governor may serve is two, except in exceptional circumstances where a third term may be approved.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

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**CORPORATION PERFORMANCE**

The Corporation carried out a self-evaluation of its own performance for the year ended 31 July 2021 and graded itself as 'outstanding' on the Ofsted scale. A new framework was used for this evaluation based on the requirements of Ofsted and including criteria covering equality, diversity and inclusion and risk.

**REMUNERATION COMMITTEE**

Throughout the year ending 31 July 2021, the College's Remuneration Committee comprised the Chair and Vice Chair of the Board, the Chairs of the Committees and a long-standing highly experienced Governor. The committee determines the remuneration and benefits of the Principal and other senior post holders. In accordance with good practice the committee is chaired by a member other than the Chair of Governors and the Principal is not present when his remuneration is discussed. The Committee makes extensive use of comparative data and performance assessments in arriving at its determinations. It makes regular reports to the full Board. Details of remuneration for the year ended 31 July 2021 are set out in notes 7 & 8 to the financial statements.

The Corporation approved the Exeter College Remuneration of Senior Post Holders policy at its meeting on 3 May 2019 (due to be reviewed in May 2022). The policy is based on the Association of Colleges' Senior Post Holders Remuneration Code (the Code) which was published in December 2018.

**AUDIT AND RISK ASSURANCE COMMITTEE**

The Audit and Risk Assurance Committee comprised five members of the Corporation (excluding the Principal/Accounting Officer and the Chair of the Board). The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Assurance Committee meets four times each year and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Assurance Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit and Risk Assurance Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work, as well as reporting annually to the Corporation.

**INTERNAL CONTROL**

**Scope of responsibility**

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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to achieve business objectives, and can provide only reasonable, and not absolute assurance, against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreement between Exeter College and the Education and Skills Funding Agency. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **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 College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Exeter College for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the report and financial statements. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

Exeter College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit and Risk Assurance Committee. At least annually, the Head of Internal Audit (HIA) provides the Corporation with a report of internal audit activity in the College. The Audit and Risk Assurance Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Assurance Committee believes the Corporation has effective internal controls in place.

**Review of effectiveness**

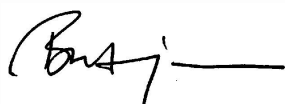
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's financial statements auditors, the regularity auditors in their management letters and other reports.

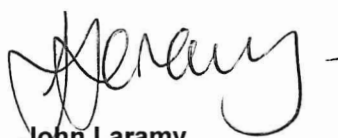
The Principal/Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit and Risk Assurance Committee which oversees the work of the internal auditor, and a plan to address weakness and ensure continuous improvement of the system is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit and Risk Assurance Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Assurance Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit and Risk Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 10 December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Leadership Team, internal audit, and taking account of events since 31 July 2021.

Approved by order of the members of the Corporation on 10.12.2021 and signed on its behalf by:



**Bindu Arjoon**  
**Chair of the Board**



**John Laramy**  
**Principal and Accounting Officer**

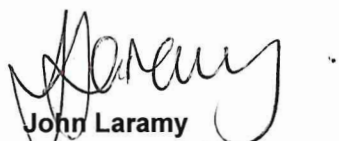


**EXETER COLLEGE**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

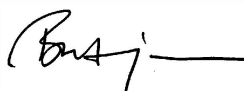
We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are unable to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract with ESFA.

We 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 Education and Skills Funding Agency.



**John Laramy**  
**Principal and Accounting Officer**

Date: 10.12.2021



**Bindu Arjoon**  
**Chair of the Board**

Date: 10.12.2021



## EXETER COLLEGE

### STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

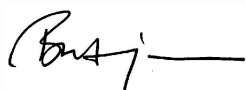
The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 10.12.2021 and signed on its behalf by:



**Bindu Arjoon**  
**Chair of the Board**

# **EXETER COLLEGE**

## **INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF EXETER COLLEGE**

### **Opinion**

We have audited the financial statements of Exeter College (the 'corporation') and its subsidiary (the 'group') for the year ended 31 July 2021 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the corporation's affairs as at 31 July 2021 and of the group's income and expenditure, gains and losses, changes in reserves and cash flows, 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 FE HE SORP, College Accounts Direction 2020 to 2021 and the Office for Students' Accounts Direction.

### **Basis for opinion**

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

### **Conclusion relating to going concern**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice Issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the corporation's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion:

- Funds from whatever source administered by the corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- the corporation's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the corporation's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 21, the corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- how the corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.



## EXETER COLLEGE

As a result of these procedures, we considered the opportunities and incentives that may exist within the corporation for fraud, which included incorrect recognition of revenue and management override of controls using manual journal entries and these were identified as having the greatest potential for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, and the FE HE SORP.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

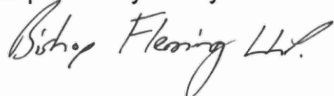
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### Use of our report

This report is made solely to the corporation, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation, for our audit work, for this report, or for the opinions we have formed.



**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
2<sup>nd</sup> Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS  
Date: 16/12/2021

## **EXETER COLLEGE**

### **Reporting accountant's assurance report on regularity to the Corporation of Exeter College ("Exeter College") and Secretary of State for Education acting through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 1 October 2020 and further to the requirements of funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Exeter College during the period 1<sup>st</sup> August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of Exeter College and Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Exeter College and the Department 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 the Corporation of Exeter College and the Department for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Exeter College and the reporting accountant**

The Corporation of Exeter College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, 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 Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1<sup>st</sup> August 2020 to 31 July 2021 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 Code issued jointly by the Department. We performed a limited assurance engagement as defined in that framework.

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 of the college's income and expenditure.

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income and expenditure to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1<sup>st</sup> August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, appearing to read 'Bishop Fleming LLP', written in a cursive style.

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
2<sup>nd</sup> Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS  
Date: 16/12/2021

**EXETER COLLEGE**
**Consolidated Statements of Comprehensive Income and Expenditure**
**For the year ended 31 July 2021**

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	39,641	39,630	34,485	34,485
Tuition fees and education contracts	3	3,568	3,568	4,120	4,120
Other grants and contracts	4	97	72	121	63
Other income	5	3,802	3,255	3,296	2,945
Investment income	6	2	2	43	42
<b>Total income</b>		<b>47,110</b>	<b>46,527</b>	<b>42,065</b>	<b>41,655</b>
<b>EXPENDITURE</b>					
Staff costs	7	32,140	31,539	29,632	29,213
Other operating expenses	9	10,084	9,999	9,550	9,480
Depreciation	12	3,268	3,254	2,533	2,531
Interest and other finance costs	10	910	910	911	911
<b>Total expenditure</b>		<b>46,402</b>	<b>45,702</b>	<b>42,626</b>	<b>42,135</b>
<b>Operating surplus on continuing activities</b>		<b>3,823</b>	<b>3,940</b>	<b>1,660</b>	<b>1,741</b>
<b>FRS 102 pension adjustments</b>		<b>(3,115)</b>	<b>(3,115)</b>	<b>(2,221)</b>	<b>(2,221)</b>
		<b>708</b>	<b>825</b>	<b>(561)</b>	<b>(480)</b>
<b>Surplus/(Deficit) before other gains and losses</b>		<b>708</b>	<b>825</b>	<b>(561)</b>	<b>(480)</b>
Loss on disposal of assets		(5)	(5)	(6)	(6)
Gain/(loss) on investments		-	-	(205)	(205)
<b>Surplus/(Deficit) before tax</b>		<b>703</b>	<b>820</b>	<b>(772)</b>	<b>(691)</b>
Taxation	11	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>703</b>	<b>820</b>	<b>(772)</b>	<b>(691)</b>
Actuarial gain/(loss) in respect of pensions	24	879	879	(12,137)	(12,137)
<b>Total Comprehensive Income for the year</b>		<b>1,582</b>	<b>1,699</b>	<b>(12,909)</b>	<b>(12,828)</b>

All items of income and expenditure relate to continuing activities.

**EXETER COLLEGE**
**Consolidated and College Statement of Changes in Reserves**
**For the year ended 31 July 2021**

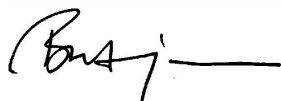
	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
<b>Group</b>				
<b>Balance at 1 August 2019</b>	86	8,924	-	9,010
Surplus/(deficit) from the income and expenditure account	(772)	-	-	(772)
Other comprehensive income	(12,137)	-	-	(12,137)
Transfers between revaluation and income and expenditure reserves	325	(325)	-	
	(12,584)	(325)	-	(12,909)
<b>Balance at 31 July 2020</b>	(12,498)	8,599	-	(3,899)
Surplus/(deficit) from the income and expenditure account	703	-	-	703
Other comprehensive income	879	-	-	879
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
<b>Total comprehensive income</b>	1,907	(325)	-	1,582
<b>Balance at 31 July 2021</b>	<b>(10,591)</b>	<b>8,274</b>	<b>-</b>	<b>(2,317)</b>
<b>College</b>				
<b>Balance at 1 August 2019</b>	86	8,924	-	9,010
Surplus/(deficit) from the income and expenditure account	(691)	-	-	(691)
Other comprehensive income	(12,137)	-	-	(12,137)
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
	(12,503)	(325)	-	(12,828)
<b>Balance at 31 July 2020</b>	(12,417)	8,599	-	(3,818)
Surplus/(deficit) from the income and expenditure account	820	-	-	820
Other comprehensive income	879	-	-	879
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
<b>Total comprehensive income</b>	2,024	(325)	-	1,699
<b>Balance at 31 July 2021</b>	<b>(10,393)</b>	<b>8,274</b>	<b>-</b>	<b>(2,119)</b>



**EXETER COLLEGE**  
**Balance sheets as at 31 July 2021**

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
<b>Non current assets</b>					
Tangible Fixed assets	12	65,497	65,452	55,085	55,033
Investments	13	-	-	-	-
		<b>65,497</b>	<b>65,452</b>	<b>55,085</b>	<b>55,033</b>
<b>Current assets</b>					
Trade and other receivables	14	1,476	1,637	2,119	2,183
Cash and cash equivalents	19	8,393	8,331	8,453	8,380
		<b>9,869</b>	<b>9,968</b>	<b>10,572</b>	<b>10,563</b>
<b>Creditors – amounts falling due within one year</b>	15	(6,884)	(6,818)	(7,143)	(7,092)
<b>Net current assets</b>		<b>2,985</b>	<b>3,150</b>	<b>3,429</b>	<b>3,471</b>
<b>Total assets less current liabilities</b>		<b>68,482</b>	<b>68,602</b>	<b>58,514</b>	<b>58,504</b>
Creditors – amounts falling due after more than one year	16	(27,358)	(27,280)	(21,127)	(21,036)
<b>Provisions</b>					
Defined benefit obligations	18	(42,299)	(42,299)	(40,080)	(40,080)
Other provisions	18	(1,142)	(1,142)	(1,206)	(1,206)
<b>Total net assets</b>		<b>(2,317)</b>	<b>(2,119)</b>	<b>(3,899)</b>	<b>(3,818)</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		31,708	31,906	27,582	27,663
Pension Reserve		(42,299)	(42,299)	(40,080)	(40,080)
Revaluation reserve		8,274	8,274	8,599	8,599
<b>Total unrestricted reserves</b>		<b>(2,317)</b>	<b>(2,119)</b>	<b>(3,899)</b>	<b>(3,818)</b>
<b>Total reserves</b>		<b>(2,317)</b>	<b>(2,119)</b>	<b>(3,899)</b>	<b>(3,818)</b>

The financial statements on pages 27 to 53 were approved and authorised for issue by the corporation on 10.12.2021 and were signed on its behalf on that date by:



**Bindu Arjoon**  
**Chair of the Board**



**John Laramy**  
**Principal and Accounting Officer**

**EXETER COLLEGE**
**Consolidated Statement of Cash Flows**
**For the year ended 31 July 2021**

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
<b>Cash flow from operating activities</b>					
Surplus/(Deficit) for the year		703	820	(772)	(691)
<b>Adjustment for non-cash items</b>					
Depreciation		3,268	3,254	2,544	2,531
(Increase)/decrease in debtors		643	547	(784)	(848)
Increase/(decrease) in creditors due within one year		(374)	(389)	407	355
Increase/(decrease) in creditors due after one year		(12)	-	90	-
Increase/(decrease) in provisions		(64)	(64)	46	46
Pensions costs less contributions payable		3,115	3,115	2,221	2,221
<b>Adjustment for investing or financing activities</b>					
Investment income		(2)	(2)	(43)	(42)
Interest payable		332	332	340	340
Loss on sale of fixed assets		5	5	6	6
<b>Net cash flow from operating activities</b>		<b>7,614</b>	<b>7,618</b>	<b>4,055</b>	<b>3,918</b>
<b>Cash flows from investing activities</b>					
Investment income		2	2	43	42
Payments made to acquire fixed assets		(13,833)	(13,826)	(6,314)	(6,249)
Receipt of Capital Grant		4,243	4,243	4,959	4,959
Proceeds from sale of fixed assets		7	7	-	-
		(9,581)	(9,574)	(1,312)	(1,248)
<b>Cash flows from financing activities</b>					
Interest paid		(332)	(332)	(340)	(340)
New Secured Loans		3,000	3,000	-	-
Repayments of amounts borrowed		(761)	(761)	(741)	(741)
		1,907	1,907	(1,081)	(1,081)
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(60)</b>	<b>(49)</b>	<b>1,662</b>	<b>1,589</b>
Cash and cash equivalents at beginning of the year	19	8,453	8,380	6,791	6,791
Cash and cash equivalents at end of the year	19	8,393	8,331	8,453	8,380

**Analysis of changes in net (debt)/funds**

	At 1 August 2020 £'000	Cash Flows £'000	Other Changes £'000	At 31 July 2021 £'000
Cash in hand, at bank	8,453	(60)	-	8,393
Debt due within one year	(761)	761	(876)	(876)
Debt due after one year	(6,779)	(3,000)	876	(8,903)
Current asset investments	-	-	-	-
<b>Total</b>	<b>913</b>	<b>(2,299)</b>	<b>-</b>	<b>(1,386)</b>

**EXETER COLLEGE**  
**Notes to the Financial Statements**

**For the year ended 31 July 2021**

**1 Accounting policies**

**Statement of accounting policies and estimation techniques**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the college's accounting policies.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Basis of consolidation**

The consolidated financial statements include the college and one of its subsidiaries (Exeter College Services Limited), as detailed in Note 13. Intra-group sales and profits are eliminated fully on consolidation. Exeter College Apprentices is not consolidated on the basis that it is immaterial to the financial statements. In accordance with Financial Reporting Standard FRS 102, the activities of the student union (student representative committee) have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021.

**Going concern**

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the Group, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The Group currently has £9.8m of loans outstanding with bankers on terms negotiated since 2005 and cash reserves at year end of £8.4m. The terms of the existing loan agreements are for up to another 14 years. The Group's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

With the full year effect of the higher student numbers in 2020/21 resulting in increased 16-18 funding levels in the 2021/22 academic year, increased Income and Expenditure Statement costs and requirements relating to Covid-19 will be absorbed.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 July 2021**

**Recognition of income**

The recurrent grant from HEFCE/OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income and Expenditure.

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from Nursery fees and other commercial income streams are recognised in the period for which they are received.

Income from grants, contracts and other services rendered is included to the extent that conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the Statement of Comprehensive Income and Expenditure in the period in which it is earned.

**Agency arrangements**

The college acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Accounting for post-employment benefits**

Post employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded.

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

## **EXETER COLLEGE**

### **Notes to the Financial Statements (continued)**

**For the year ended 31 July 2021**

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in other comprehensive income.

#### **Short term Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's Statement of Comprehensive Income and Expenditure in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet issued with the annual accounts direction.

#### **Non-Current Assets - Tangible fixed assets**

##### *Land and buildings*

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment.

##### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2021. They are not depreciated until they are brought into use.



**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 July 2021**

*Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Comprehensive Income and Expenditure in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

*Equipment*

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation. All equipment is depreciated over its useful economic life as follows:

- Motor vehicles and general equipment – between 3 and 5 years on a straight-line basis
- Computer equipment – 3 years on a straight-line basis

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

**Investments**

Investments in subsidiaries are carried at historical cost less any provision for impairment in Individual financial statements. The results of Exeter College Apprentices have not been consolidated in these financial statements as it is not considered material.

**Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

**Maintenance of premises**

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure in the period in which it is incurred.

**Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost.

**Debt and Borrowings**

The College recognises loan balances upon receipt of the loan and reduces the balances in line with debt repayments. All interest payments are recognised in the year of payment.

**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 July 2021**

**Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**Foreign currency translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

**Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

**Cash and Cash equivalents**

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

**Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determined whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 July 2021**

*Other key source of estimation uncertainty*

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Funding body grants**

	<b>Group</b>	<b>College</b>	<b>Group and College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>			
Education and Skills Funding Agency – adult education budget	1,014	1,014	1,006
Education and Skills Funding Agency – 16 -18	30,109	30,109	25,558
Education and Skills Funding Agency – apprenticeships	6,087	6,087	6,279
Office for students	236	236	314
<b>Specific grants</b>			
Teacher Pension Scheme contribution grant	1,130	1,130	935
Releases of capital grants	1,065	1,054	393
<b>Total</b>	<b>39,641</b>	<b>39,630</b>	<b>34,485</b>

**3 Tuition fees and education contracts**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and College</b>		
Adult education fees	1,275	1,474
Apprenticeship employer fees and contracts	90	75
Fees for FE and HE loan supported courses	1,919	2,061
International students' fees	265	472
<b>Total tuition fees</b>	<b>3,549</b>	<b>4,082</b>
Education contracts	19	38
<b>Total</b>	<b>3,568</b>	<b>4,120</b>



**EXETER COLLEGE****Notes to the Financial Statements (continued)**

For the year ended 31 July 2021

<b>3a OFS Income</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from the Office for Students	236	314
Fee income for taught awards	1,965	2,124
<b>Total</b>	<b>2,201</b>	<b>2,438</b>

**4 Other grants and contracts**

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Coronavirus Job Retention Scheme grant	97	72	121	63
<b>Total</b>	<b>97</b>	<b>72</b>	<b>121</b>	<b>63</b>

The corporation furloughed a small proportion of staff directly associated with wholly Commercial activities of the group, under the government's Coronavirus Job Retention Scheme. The funding received of £97k relates to staff costs which are included within the staff costs note below as appropriate.

**5 Other income**

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Catering and residences	455	455	597	597
Other income generating activities	2,382	2,720	1,936	2,257
Exam fees	15	15	43	43
Rent receivable	58	58	38	38
Day nursery income	885	-	672	-
Hairdressing	7	7	10	10
<b>Total</b>	<b>3,802</b>	<b>3,255</b>	<b>3,296</b>	<b>2,945</b>

**6 Investment income**

	<b>Group and College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other interest receivable	2	43	42

**EXETER COLLEGE**
**Notes to the Financial Statements (continued)**
**For the year ended 31 July 2021**
**7 Staff costs**

The average number of persons (including key management personnel) employed by the college during the year, described as full-time equivalents, was:

Group	2021	2021	2020	2020
	Headcount	FTE	Headcount	FTE
	No.	No.	No.	No.
Teaching staff	993	616	971	597
Non-teaching staff	171	158	172	157
	<b>1,164</b>	<b>774</b>	<b>1,143</b>	<b>754</b>

College	2021	2021	2020	2020
	Headcount	FTE	Headcount	FTE
	No.	No.	No.	No.
Teaching staff	993	616	971	597
Non-teaching staff	140	131	150	137
	<b>1,133</b>	<b>747</b>	<b>1,121</b>	<b>734</b>

Staff costs for the above persons	Group	College	Group	College
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Wages and salaries	23,178	22,633	21,945	21,565
Social security costs	1,993	1,961	1,902	1,883
Other pension costs	6,928	6,904	5,743	5,723
<b>Payroll sub total</b>	<b>32,099</b>	<b>31,498</b>	<b>29,590</b>	<b>29,171</b>
Restructuring costs – Contractual	41	41	42	42
<b>Total Staff costs</b>	<b>32,140</b>	<b>31,539</b>	<b>29,632</b>	<b>29,213</b>

## EXETER COLLEGE

### Notes to the Financial Statements (continued) For the year ended 31 July 2021

#### 8 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college and senior post holders comprised of the Principal and Vice Principals.

Staff costs include compensation paid to key management personnel for loss of office.

#### Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	4	4

The number of key management personnel and other staff who received annual emoluments, excluding employer contributions to national insurance and pensions but including benefits in kind, expressed on an FTE basis, in the following ranges was:

	Senior Post-holders		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,001 to £70,000 p.a.	-	-	2	5
£70,001 to £80,000 p.a.	-	-	5	2
£80,001 to £90,000 p.a.	-	1	-	-
£90,001 to £100,000 p.a.	2	-	-	-
£100,001 to £110,000 p.a.	-	1	-	-
£110,001 to £120,000 p.a.	1	-	-	-
£120,001 to £130,000 p.a.	-	-	-	-
£130,001 to £140,000 p.a.	-	-	-	-
£140,001 to £150,000 p.a.	-	-	-	-
£150,001 to £160,000 p.a.	-	-	-	-
£160,001 to £170,000 p.a.	-	-	-	-
£170,001 to £180,000 p.a.	1	1	-	-
	<u>4</u>	<u>3</u>	<u>7</u>	<u>7</u>

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Basic salary	521	454
Performance related pay and bonus		
Benefits in kind	5	3
Employers National Insurance	68	57
Pension contributions	111	96
	<u>705</u>	<u>610</u>
Total key management personnel compensation		

**Notes to the Financial Statements (continued)**  
**For the year ended 31 July 2021**

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Basic salary	176	173
Other including benefits in kind	1	1
Pension contributions	42	40
	<hr/>	<hr/>
	219	214
	<hr/>	<hr/>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governors, who undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

The calculation of median staff salary for the purpose of the ratios below has excluded Agency costs and any bonus payments made to staff during the year.

**Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Principal's basic salary as a multiple of the median of all staff	6.3	6.6
Principal and CEO's total remuneration as a multiple of the median of all staff	6.8	6.9

# EXETER COLLEGE

## Notes to the Financial Statements (continued) For the year ended 31 July 2021

### 9 Other operating expenses

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Teaching costs	3,200	3,159	3,910	3,856
Non-teaching costs	4,192	4,148	3,174	3,158
Premises costs	2,692	2,692	2,466	2,466
<b>Total</b>	<b>10,084</b>	<b>9,999</b>	<b>9,550</b>	<b>9,480</b>

Other operating expenses include:	2021 £'000	2020 £'000
Auditors' remuneration:		
Financial statements audit*	27	23
Other services provided by the financial statements auditor	-	6
Internal audit fees**	16	9
Losses on disposal of non-current assets	5	6
Depreciation	3,268	2,533
Hire of assets under operating leases	125	248

\* includes £24,060 in respect of the College (2020: £22,500)

\*\* includes £16,416 in respect of the College (2020: £9,000)

### 9a. Access and participation spending

	2021 £,000	2020 £'000
Access Investment	15	17
Financial support to students	7	2
Disability support*	26	24
Research and evaluation	6	4
<b>Total</b>	<b>54</b>	<b>47</b>

\* The Disability support costs relate to the salary of the Disability Support Advisor



**EXETER COLLEGE**

**Notes to the Financial Statements (continued)**

**For the year ended 31 July 2021**

**10 Interest and other finance costs – Group and College**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	332	340
	<hr/> 332	<hr/> 340
Net interest on defined pension liability (note 24)	578	571
	<hr/> 578	<hr/> 571
<b>Total</b>	<b>910</b>	<b>911</b>
	<hr/> <hr/>	<hr/> <hr/>

**11 Taxation – College only**

The Members of the Corporation do not believe that the college was liable for any corporation tax arising out of its activities during this year.

**12 Tangible fixed assets (Group)**

	<b>Land and buildings Freehold</b>	<b>Equipment</b>	<b>Assets in the course of construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 August 2020	79,009	5,212	6,244	90,465
Additions	10,173	3,323	337	13,833
Disposals	(186)	(442)	(141)	(769)
Transfers	5,711	391	(6,102)	-
<b>At 31 July 2021</b>	<b>94,707</b>	<b>8,484</b>	<b>338</b>	<b>103,529</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 August 2020	31,479	3,901	-	35,380
Charge for the year	2,013	1,255	-	3,268
Disposals	(186)	(430)	-	(616)
<b>At 31 July 2021</b>	<b>33,306</b>	<b>4,726</b>	<b>-</b>	<b>38,032</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 2021</b>	<b>61,401</b>	<b>3,758</b>	<b>338</b>	<b>65,497</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 31 July 2020	47,530	1,311	6,244	55,085
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
For the year ended 31 July 2021

**12 Tangible fixed assets (College only)**

	Land and buildings	Equipment	Assets in the course of construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2020	79,009	5,148	6,243	90,400
Additions	10,173	3,316	337	13,826
Disposals	(186)	(442)	(141)	(769)
Transfers	5,711	391	(6,102)	-
<b>At 31 July 2021</b>	<b>94,707</b>	<b>8,413</b>	<b>337</b>	<b>103,457</b>
<b>Depreciation</b>				
At 1 August 2020	31,479	3,888	-	35,367
Charge for the year	2,013	1,241	-	3,254
Elimination in respect of disposals	(186)	(430)	-	(616)
<b>At 31 July 2021</b>	<b>33,306</b>	<b>4,699</b>	<b>-</b>	<b>38,005</b>
<b>Net book value at 31 July 2021</b>	<b>61,401</b>	<b>3,714</b>	<b>337</b>	<b>65,452</b>
Net book value at 31 July 2020	47,530	1,260	6,243	55,033

Inherited land and buildings were valued at incorporation at depreciated replacement cost by Devon County Council Surveyors Department.

Land and buildings with a net book value of £32,971k have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Funding Body, to surrender the proceeds.

**13 Non-current investments**

	College 2021 £'000	College 2020 £'000
Investments in subsidiary companies cost b/fwd	-	205
Impairment charge	-	(205)
<b>Total</b>	<b>-</b>	<b>-</b>

**EXETER COLLEGE****Notes to the Financial Statements (continued)**

For the year ended 31 July 2021

**13 Non-current investments (continued)**

The College owns 100% of the issued ordinary £1 shares of Aplus Training (SW) Limited which remained dormant throughout the year and Exeter College Apprentices Limited which is also now dormant. The third wholly owned subsidiary is Exeter College Services Limited (formally Ecole Limited). The principal activity of Exeter College Services Limited during the period was that of the provision of Nursery services.

**14 Trade and other receivables**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	181	313	268	340
Prepayments and accrued income	1,295	1,324	1,851	1,843
<b>Total</b>	<b>1,476</b>	<b>1,637</b>	<b>2,119</b>	<b>2,183</b>

**15 Creditors: amounts falling due within one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	876	876	761	761
Payments received in advance	643	624	503	485
Trade payables	348	344	538	530
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	6
Other taxation and social security	560	555	470	463
Deferred Income	1,109	1,097	1,429	1,423
Accruals	2,248	2,222	2,852	2,834
Deferred income - government capital grants	1,100	1,100	590	590
<b>Total</b>	<b>6,884</b>	<b>6,818</b>	<b>7,143</b>	<b>7,092</b>

**EXETER COLLEGE****Notes to the Financial Statements (continued)**

For the year ended 31 July 2021

**16 Creditors: amounts falling due after one year**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	8,903	8,903	6,778	6,778
Capital grant liability	78	-	91	-
Deferred income - government capital grants	18,377	18,377	14,258	14,258
<b>Total</b>	<b>27,358</b>	<b>27,280</b>	<b>21,127</b>	<b>21,036</b>

**17 Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>Group and College</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	876	761
Between one and two years	997	2,945
Between two and five years	2,990	1,240
In five years or more	4,916	2,593
<b>Total</b>	<b>9,779</b>	<b>7,539</b>

The College currently has five bank loans:

- The first loan (capital outstanding at 31 July 2021: £2,531k) is unsecured and is repayable over a period of 20 years. The loan is being repaid in 80 quarterly instalments, the first being paid in October 2007. The interest on the loan has been fixed for a period of 15 years at 5.615% per annum.
- The second loan (capital outstanding at 31 July 2021: £1,563k) is repayable over 16 years from July 2011, in 56 quarterly instalments following a 2 year initial capital repayment holiday. The Interest rate has been fixed at 4.0375% per annum.
- The third loan (capital outstanding at 31 July 2021: £337k) is initially for 5 years from July 2011, with the option to extend to 20 years with an initial 2 year capital repayment holiday. Repayments have been geared to an 18 year repayment term with the interest rate charged at 1.65% above LIBOR.
- The College converted an additional loan in 2016 from an initial loan on a revolving credit facility. This loan totalled £3,000,000 and was converted in July 2016 on a fixed rate for 14 years 10 months with the option to extend to 23 years at a variable rate. Capital outstanding at 31 July 2021 was £2,348k.
- The College secured a new loan in February 2021 for £3,000,000 which is repayable over 15 years from the date on which the loan was drawn with the first capital instalment due one year after the loan was drawn. The interest rate has been set at 2.87% over Base Rate.



**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 July 2021**

**18 Provisions for liabilities and charges**

	<b>Group and College</b>		
	<b>Defined benefit obligations</b>	<b>Enhanced pensions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2020	40,080	1,206	41,286
Contributions/Expenditure in the period	(992)		(992)
Indexation/interest	578	16	594
Current service cost	3,529	(97)	3,432
Actuarial valuation loss/(gain)	(896)	17	(879)
<b>At 31 July 21</b>	<b>42,299</b>	<b>1,142</b>	<b>43,441</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 24.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2021</b>	<b>2020</b>
Discount rate	1.60%	1.30%
Price inflation	2.60%	2.20%

**19 Cash and cash equivalents**

	<b>At 1 August 2020</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>At 31 July 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents – Group	8,453	(60)	-	8,393
Cash and cash equivalents - College	8,380	(49)	-	8,331

**EXETER COLLEGE****Notes to the Financial Statements (continued)**

For the year ended 31 July 2021

**20 Capital and other commitments**

	<b>Group and College</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	951	9,409

**21 Lease obligations**

At 31 July the college had minimum lease payments under non-cancellable operating leases as follows:

	<b>Group and College</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	149	94
Later than one year and not later than five years	15	80
Later than five years	-	-
	<u>164</u>	<u>174</u>
<b>Other</b>		
Not later than one year	2	2
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>2</u>	<u>2</u>

**22 Contingencies**

There are no contingent liabilities.

**23 Events after the reporting period**

There are no post balance sheet events to report.

**EXETER COLLEGE****Notes to the Financial Statements (continued)****For the year ended 31 July 2021****24 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	3,359	3,070
Local Government Pension Scheme:		
Contributions paid	992	979
FRS 102 (28) charge	2,537	1,650
Charge to the Statement of Comprehensive Income	3,529	2,629
Enhanced pension charge to Statement of Comprehensive Income	16	23
<b>Total Pension Cost for Year within staff costs</b>	<b>6,904</b>	<b>5,722</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2019 and of the LGPS 31 March 2019.

Contributions amounting to £431k (2020: £372k) were payable to the Teachers' Pension scheme and are included in creditors.

Contributions amounting to £117k (2020: £112k) payable to the Local Government Pension scheme are included in creditors.

## **EXETER COLLEGE**

### **Notes to the Financial Statements (continued)**

**For the year ended 31 July 2021**

#### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £4,581,817 (2020: £4,209,117)

#### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Devon County Council. The total contributions made for the year ended 31 July 2021 were £1,396,959, of which employer's contributions totalled £991,601 and employees' contributions totalled £405,358. The agreed contribution rates for future years are 13.2% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.



**EXETER COLLEGE**

**Notes to the Financial Statements (continued)**

**For the year ended 31 July 2021**

**24 Defined benefit obligations (continued)**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Rate of increase in salaries	3.80%	3.20%
Future pensions increases	2.80%	2.20%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.20%
Commutation of pensions to lump sums	50.00%	50.00%

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

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	22.70	22.90
Females	24.00	24.10
<i>Retiring in 20 years</i>		
Males	24.00	24.30
Females	25.40	25.50

The college's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	<b>Fair Value at 31 July 2021</b>	<b>Fair Value at 31 July 2020</b>
	<b>£'000</b>	<b>£'000</b>
UK Equities	4,206	4,324
Overseas Equities	21,626	15,833
Gilts	5,454	1,276
Property	3,242	2,785
Infrastructure	1,526	1,442
Other Bonds	789	1,625
Target Return		
Portfolio	3,927	4,357
Cash	392	389
Alternative Assets	3	2,193
Private Equity	-	-
<b>Total fair value of plan assets</b>	<b>41,165</b>	<b>34,224</b>
<b>Actual return on plan assets</b>	<b>(42,299)</b>	<b>(40,080)</b>

**EXETER COLLEGE****Notes to the Financial Statements (continued)****For the year ended 31 July 2021****24 Defined benefit obligations (continued)**

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	41,165	34,224
Present value of plan liabilities	(83,464)	(74,304)
<b>Net pensions (liability)/asset (note 18)</b>	<b>(42,299)</b>	<b>(40,080)</b>

**Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	(3,529)	(2,629)
Past service cost	-	-
<b>Total</b>	<b>(3,529)</b>	<b>(2,629)</b>

**Amounts included in investment income**

Net interest income	(578)	(571)
	<b>(578)</b>	<b>(571)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	6,045	(1,914)
Experience losses arising on defined benefit obligations	1,392	(1,827)
Changes in assumptions underlying the present value of plan liabilities	(6,541)	(8,277)
Enhanced pension (loss)/gain	(17)	(119)
<b>Amount recognised in Other Comprehensive Income</b>	<b>879</b>	<b>(12,137)</b>

**EXETER COLLEGE**  
**Notes to the Financial Statements (continued)**  
For the year ended 31 July 2021

**24 Defined benefit obligations (continued)**

**Movement in net defined benefit (liability)/asset during year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	(40,080)	(25,841)
Movement in year:		
Current service cost	(3,529)	(2,629)
Employer contributions	992	979
Past service cost	-	-
Net interest on the defined (liability)/asset	(578)	(571)
Actuarial gain or loss	896	(12,018)
<b>Net defined benefit (liability)/asset at 31 July (note 18)</b>	<b>(42,299)</b>	<b>(40,080)</b>

**Asset and Liability Reconciliation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	74,304	60,596
Current service cost	3,529	2,629
Interest cost	1,036	1,297
Contributions by Scheme participants	405	399
Experience gains and losses on defined benefit obligations	(1,392)	1,827
Changes in financial assumptions	7,447	9,903
Changes in demographic assumptions	(906)	(1,364)
Estimated benefits paid	(959)	(983)
Past Service cost	-	-
<b>Defined benefit obligations at end of period</b>	<b>83,464</b>	<b>74,304</b>

**Changes in fair value of plan assets**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	34,224	34,755
Interest on plan assets	482	751
Return on plan assets	6,045	(1,914)
Other actuarial loss	-	262
Administration expenses	(24)	(25)
Employer contributions	992	979
Contributions by Scheme participants	405	399
Estimated benefits paid	(959)	(983)
<b>Fair value of plan assets at end of period</b>	<b>41,165</b>	<b>34,224</b>

## **EXETER COLLEGE**

### **Notes to the Financial Statements (continued)**

**For the year ended 31 July 2021**

#### **24 Defined benefit obligations (continued)**

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 July 2021.

On 13 May 2021, the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The scheme actuaries do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy.

#### **25 Related party transactions**

Due to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures. There were no transactions that require disclosure under FRS102.

#### **27 Amounts disbursed as agent - Learner support funds**

Funding body grants are available solely for students. The college only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

During the year a total of £1,081k (2020: £854k) was received by the ESFA as Bursary payments and subsequently distributed back to students. At the end of July 2021 there was a remaining balance of £94k (2020: £100k) which is shown under creditors.