



EXETER COLLEGE
Annual Report and Financial Statements
Year ended 31 July 2022

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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 2021-22:

Principal & Accounting Officer:	Mr J Laramy
Chief Financial Officer:	Mr R Church (Until November 2022)
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, EX3 0DB

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STATEMENT FROM THE CHAIR OF THE BOARD

Following two years of disruption from the pandemic in 2019/20 and 2020/21, the academic year in 2021/22 brought a return to a form of normality for Exeter College. The disruption in learning resulting from Covid-19 in previous years will be felt for years to come and it is testament to teaching staff, support staff and learners that in a year in which formal exams were experienced by many for the first time, the results achieved were outstanding. Record breaking results and progression were celebrated at the end of the academic year - more details on this will follow later.

Governors have worked to support the College. We launched the Strategic Plan which was finalised in 2020/21. The focus this year has been on communicating and implementing the key elements of the Plan, which will drive the College forwards over the next five years. This new Plan sets out our vision 'To be an exceptional college' and, in doing so, highlights several headline priorities for our future. Summarised by our mission 'To shape futures by delivering world-class education and training for our city and region', 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. The Strategic Plan drives the three key values of the College: Ambition, Collaboration and Energy.

The Plan is centred on the role Exeter College can play in the city of Exeter, collaborating with key partners across business, industry and the community. Alongside the University, the College plays a critical role in ensuring the education and training opportunities provided are fit-for-purpose in the context of the local skills and employment landscape. Partnership working has always been central to our approach and to our delivery and we have continued to build links 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.

Growth continues to be both a great strength and a tremendous challenge for the College. In recent years, funded full-time learners has increased from 5,871 in 2019/20 to 6,464 in 2021/22, with further growth achieved during enrolment for the 2022/23 academic year. Demographic analysis conducted by the Office of National Statistics (ONS) suggests further growth in the next ten years for the Exeter and wider Devon area. This provides a significant challenge for the College in respect of accessing further teaching staff with requisite skills in a tight and inflationary employment market and in providing exceptional spaces and resources. A bid through the 'Further Education Capital Transformation Fund' to expand and transform an ageing, unsustainable building on the main College site into fit-for-purpose, modern teaching space was unsuccessful during the year, although we expect to be able to re-submit an application during the course of this academic year.

We continue to be one of the largest 16-18 providers in the country, one of the few institutions achieving this without a merger. In addition to full-time learners outlined above, our Apprenticeship delivery and income has surpassed pre-pandemic levels, more than off-setting the reduction experienced in adult education delivery, although a proportion of this adult provision is now delivered through Apprenticeships and skills bootcamps.

Over the year, the Board has focussed on the well-being of staff and learners, 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. However, through sound risk management and a determination to identify and address emerging issues, Governors are actively monitoring the various headwinds. Colleges already operate in a sector of tight margins, but the recent economic volatility culminating in significant increases to the cost of energy and widespread inflationary pressures, alongside labour pressures leading to skills shortages and the resultant wage inflation, has resulted in the need for agile and prudent financial management. The Board also expects curriculum reform to continue with significant development and opportunity for adult and higher technical training, as well as further changes to technical and vocational qualifications, with particular focus on BTEC and T-Levels.

After 24 months of significant capital investment totaling in excess of £20 million and including building the Digital and Data Centre as part of the South West Institute of Technology, opening the Future Skills Centre at the former site of the Flybe Training Centre near Exeter Airport and investing significant funds in preparing faculties to deliver the new T-Levels, 2021/22 was a year of consolidation. Nearly £4 million has been invested in capital projects across all College sites this year, to ensure faculties have the environment and resources to deliver outstanding learning. In addition, significant investment in the IT network and hardware has laid the foundations to provide an infrastructure that is fit-for-purpose and ready for further growth. We look forward to engaging in the College Estates Masterplan in the next academic year and accessing funding to enable the continued growth in learner numbers and quality of education.

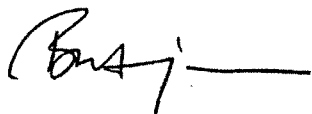
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STATEMENT FROM THE CHAIR OF THE BOARD (Continued)

We are therefore brought back full circle to the record-breaking results and progression of learners at Exeter College. Our students celebrated an A Level achievement pass rate of 99.3% (against a national average of 98.4%), with grades A*-B at 69.1% (national average 62%) and A*-C at 88.7% (national average 82.1%). Our value-added score, based on third party data collection and measuring progression of learners puts Exeter College comfortably in the top 10% in the country. Of 1,476 University applications through UCAS, 1,422 (96%) received at least one offer and 16 students were offered places at Oxbridge. Our Apprenticeships overall achievement was circa. 14% ahead of the latest published national average. Apprenticeships nationwide have been particularly impacted by the pandemic with interruption to both education and within the employment environment. Outside of A Levels and Apprenticeships, excellent results have been achieved across BTECs, Diplomas, T Levels, GCSE Maths and GCSE English to name but a few. We are immensely proud of our learners who have emerged from significant periods of disruption in their formative years to achieve tremendous outcomes.

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 high degree of confidence but never complacency.

Finally, I would like to thank the dedicated staff at Exeter College, my fellow Governors and, above all, the learners. I look forward to continuing to serve the stakeholders of the College over the term of my appointment.



Bindu Arjoon
Chair of the Board of Exeter College

STRATEGIC REPORT

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 2022.

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.

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Resources

The College employs 1,225 people, of whom 1,054 are teaching staff.

In 2021/22, Exeter College enrolled approximately 11,500 students. The College's student population includes 6,464 16-to-18-year-old students, 2,357 apprentices, 260 higher education students, 51 international students and 902 adult learners.

Excluding the pension reserve, net assets of the Group are £41.0m (2020/21: £40.0m) and the College £41.1m (2020/21: £40.2m). The Group pension reserve now totals £10.9m (2020/21: £42.3m), a significant movement in the year. Including this pension reserve, the Group has £30.1m of consolidated net assets (2020/21: £2.3m net liabilities), and long-term debt of £7.9m (2020/21: £8.9m).

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 Future Skills Centre based next to Exeter Airport, in partnership with Devon County Council
- 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.

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.

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:

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- 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 £35.4m (2020/21: £0.9m) and prior to the FRS 102 pension adjustment of £3.9m (2020/21: £3.1m) the Group generated an operating surplus of £0.9m (2020/21: £3.8m). The Group received 66% of its total income for 2021/22 in recurrent grants from funding bodies (excluding apprenticeships), most notably from the Education and Skills Funding Agency for 16-18 provision. The increase in total income from the prior year was largely due to an increase in funding from the ESFA in relation to the 16-18 cohort, from £30.1m in 2020/21 to £31.6m in 2021/22 due to growth in numbers. In addition, there was a partial post-pandemic recovery in income in apprenticeships and commercial income. There has been a corresponding increase across most cost lines to deliver this growth, most notably staff costs from £32.1m to £35.5m.

Excluding the pension reserve, net assets of the Group are £40.1m (2020/21: £40.0m). The pension reserve deficit of £10.9m (2020/21: £42.3m) results in positive net assets £30.1m; (2020/21: £2.3m net liabilities). The Group's primary asset is accounted for by Land and Buildings (including Assets in the course of construction), with a net book value of £65.5m.

Cash balances at year end were £9.8m (2020/21: £8.4m). Cash generation in the year of £1.4m was achieved at operating activity level (£6.1m), enabling a further £3.6m of investment in fixed assets, prior to debt servicing cash outflows of £1.3m

Whilst 2021/22 was still impacted by the Covid-19 pandemic, it was to a lesser extent than 2019/20 and 2020/21, with income from apprenticeships and commercial activity in particular recovering to more sustainable levels.

Cash flows and liquidity

At £6.1m (2020/21 £7.6m), Group net cash flow from operating activities continued to be strong. Whilst still significant, capital spend at £3.6m was lower than the previous two years (2020/21: £13.8m; 2019/20: £6.3m), primarily the result of significant building projects in previous years (T Levels, Digital and Data Centre, Future Skills Centre) not repeated in 2021/22 in spite of efforts to raise funding from the DfE for much needed growth projects.

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 £370k and repayment of amounts borrowed of £882k was clearly exceeded comfortably by the operating cashflow of £6.1m.

Developments

The Group's developments in the year included tangible fixed asset additions amounting to £3.6m. This was split between Land and buildings (including Assets in the course of construction) of £2.2m and Equipment of £1.4m. In the absence of a new significant building project in the year, as outlined above, the capital spend in the year related to completion of ongoing projects and smaller capital projects.

Reserves

The group has accumulated reserves (excluding Revaluation reserve and Pension reserve) of £33.0m and cash and cash equivalent balances of £9.8m. 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, as well as to ensure a significant buffer in light of volatile inflationary pressures.

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Sources of income

The Group received 66% of its total income for 2021/22 in recurrent 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 and Exeter College Apprentices Limited which both remained dormant throughout the 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 2020/21.

Given the significant 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 2020/21, the next stage for the Masterplan was 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 was sought from the government and, had the application been successful, this demolition and re-build would have commenced in 2021/22. However, in spite of a clear need for extra space and a well developed plan (including approved planning permission, completed designs, fully costed build program and identification of contractor to carry out the work), the application was not successful. We understand there will be further opportunities to bid for this funding and are hopeful for future success.

Enrolment for 2022/23 was again, extremely strong, with 16-18 growth in excess of 4%. The College has growth consistently in recent years and projections from the Office of National Statistics points to a continuation of this growth in the short to medium term.

The College continues to invest significantly in IT and smaller scale estates projects. To combat the threat of cyber security attacks and to provide the robust infrastructure needed to deliver fit-for-purpose teaching and learning in a progressive technological environment, we anticipate that further funds will be allocated to IT infrastructure and hardware during the course of 2022/23.

Financial plan

The College governors approved a financial plan in July 2022 which sets objectives for the period to July 2023. The College aims to retain a financial health rating of at least 'Good' and to maintain a retained cash position that enables significant strategic capital builds to take place.

In line with the available demographic data through the Office of National Statistics, growth was 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 in respect of staff costs, energy costs and general expenditure

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.

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

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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 large exam sittings
- 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
- Increased risk to cyber threats, inflation and well-being in light of Ukraine conflict
- Impact of devolution on relationships, partnerships, core business and funding

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.

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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 £9.7m, minimum month end balance of £9.0m
3	To maintain liquidity to meet short term requirements. Current ratio > 1	Achieved – Group current ratio at year end of 1.59
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 18.4%
5	To achieve an agreed annual operating surplus. EBITDA (as a % of income) > 7%*	Achieved - Annual EBITDA as a percentage of income 7.47%
6	To continue to grow group income in line with strategic objectives. Annual Income > £45m	Achieved - Annual income £49.6m

*Excludes the Actuarial year end adjustments to pension costs.

All objectives were met in year.

Student achievements

Following two years of disruption from the Covid-19 pandemic, 2021/22 saw a return to examined grades. The cohort of learners attending examinations had not formally sat exams up to now, making their achievements even more remarkable. A Level pass rate was 99.3% (national average 98.4%), with 69.1% achieving A*-B (national average 62%) and 88.7% achieving A*-C (82.1% national average). Overall achievement for Apprenticeships was c 14% ahead of the latest, published national average.

2021/22 was the first time T Levels produced results, having now been in existence for two years. Learners at Exeter College achieved a 96% pass rate against the national average of 92.2%. For GCSE Maths and English, pass rates were ahead of national averages by 20.2% and 7.9% respectively.

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 2021 to 31 July 2022, the College paid 93% of its suppliers within the month. The College incurred no interest charges in respect of late payment for this period.

EXETER COLLEGE 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.

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 in the period	FTE employee number
11	9.94

Percentage of time	Number of employees
0%	-
1-50%	11
51-99%	-
100%	-

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Total cost of facility time	£11,459.21
Total pay bill	£31,227,603
Percentage of total bill spent on facility time	0.037%

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. 2021/22 saw an improvement in those income streams affected by Covid-19 and we expect this recovery to continue.

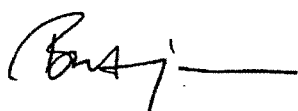
EVENTS AFTER THE REPORTING PERIOD

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 9 December 2022 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 obtain a better understanding of the College's governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal audit related to governance undertaken in the autumn of 2021 and a review of compliance with the Code reported to the Board on 29 April 2022. The College also engaged in a reciprocal review of governance with a further education college in Herefordshire. 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 of Good Governance for English Colleges originally issued by the Association of Colleges in 2015 which it formally adopted at the September 2015 meeting of the Governing body. The updated September 2021 revision of the Code was formally adopted by the Governing body at the April 2022 meeting.

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 signature of this report were as listed in Table 1. Attendance data refers only to Board and Committee meetings held between 01/08/21 and 31/07/22 on which Members served, not where Members attended as observers.

Table 1: Corporation Members during 2021/22 and up to the date of approval of this report

Name	Appointment Dates	Terms of Office	Resignation Dates	Appointment Status	Board & Committees 01/08/21-31/07/22 (meetings attended/scheduled meetings)
B Arjoon <i>Chair from 01/08/21</i>	01/08/13 01/08/17 30/04/21 (approval of third term to 31/07/25)	4 years 4 years 4 years		External	Board (3/3) Quality & Standards (4/4) Search & Governance (2/2) Remuneration (1/1)
E Bradshaw-Smith	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 (2/2) Quality and Standards (2/2) Search & Governance (3/3) Remuneration (2/2)
S Brampton	9/10/15 9/10/19	4 years 4 years		External	Board (1/5) Audit & Risk Assurance (3/4) Search & Governance (0/3) Remuneration (0/3)
S Clarke	04/05/18 03/05/22	4 years		External	Board (4/5) Quality & Standards (4/4)
A Irabor	24/11/21	1 year		HE Student Governor	Board (4/4) Quality and Standards (1/2)

EXETER COLLEGE

Name	Appointment Dates	Terms of Office	Resignation Dates	Appointment Status	Board & Committees 01/08/21-31/07/22 (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		External	Board (4/4) Audit and Risk Assurance (1/1)
J Laramy	01/04/16	Ex officio		Principal & CEO	Board (5/5) Business Services (3/4) Quality & Standards (3/4) Search & Governance (3/3)
S Longmore	07/12/18	4 years		Staff (T&L)	Board (5/5) Quality & Standards (4/4)
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 31/12/21	Co-opted External Co-opted	Audit & Risk Assurance (1/2)
C McCormack	01/05/20	4 years		External	Board (4/5) Business Services (4/4)
S Noakes	06/07/18 05/07/22	4 years		External	Board (4/5) Business Services (3/4)
M Owen	07/02/20	4 years	25.04.22	Co-opted	Business Services (3/3)
T Quine	03/07/20	4 years		External	Board (1/5) Quality & Standards (3/4)
P Randall	06/07/21	2 years		External (Schools)	Board (4/5) Quality & Standards (2/4)
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 (2/2) Search & Governance (3/3)
V Roberts	03/07/20	4 years		Staff (Business Support)	Board (5/5) Quality & Standards (4/4)
A Sangaralingam	14.10.22	1 year		HE Student Governor	N/A recently appointed
G Smith-Easton	10/12/21	1 year		FE Student Governor	Board (3/3) Quality and Standards (2/3)
A Westcott	15/03/21	4 years		Co-opted	Audit and Risk Assurance (4/4)
S Wolkowski	30/04/21	4 years		External	Board (3/5) Business Services (3/4)
G Woodcock	07/10/16 07/10/20	4 years 4 years		External	Board (2/5) Business Services (1/4)

Alison Layton-Hill was the Clerk to the Corporation, referred to as the Head of Governance since 29 September 2022.

THE GOVERNANCE FRAMEWORK

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

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with information on 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. The Board also attends scheduled strategy days.

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. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Head of Governance at:

Exeter College
Hele Road
Exeter
Devon
EX4 4JS

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Head of Governance 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 Head of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Head of Governance are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner through a governance portal. 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 by the Corporation.

CORPORATION PERFORMANCE

The Corporation carried out a formal and rigorous self-evaluation of its own performance, that of its committees and individual governors for the year ended 31 July 2022 and graded itself as 'outstanding' on the Ofsted scale.

Activities to support the self-evaluation included governor review meetings, a review of compliance against the Code of Good Governance, a review of training and attendance and a formal reciprocal external governance review. The governing body has considered DfE guidance on board reviews and has plans to commission an external review in future but did not carry out a formal review in 2021/2022.

The governing body is committed to development and held strategic development sessions over two days (13/14 May 2022). The Board receives weekly college and sector briefings throughout the academic year along with regular safeguarding bulletins. There is a comprehensive induction programme for new governors who are also allocated a governor mentor. Governors engage in regular reviews to identify specific training needs. During 2021/2022, governor training and development included finance, safeguarding, audit, local skills improvement plans as well as attendance at AOC inductions and regional governor conferences. Committee Chairs attended relevant networking events and bespoke student governor training was provided by Unloc.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Head of Governance is a senior post holder and a member of the Senior Leadership Team. The postholder has relevant qualifications including those from The Institute of Leadership and Management and The Chartered Governance Institute. The Board ensures that the Head of Governance receives appropriate development throughout the year including attendance at relevant governance conferences, workshops and network events. In March 2021, the Head of Governance attended the Technical Aspects of being a Governance Professional run by the Education and Training Foundation (ETF) and attended a Governance Professionals Leadership Programme in October 2022 run by the Institute of Directors in conjunction with the ETF.

REMUNERATION COMMITTEE

Throughout the year ending 31 July 2022, 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/CEO 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/CEO 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 2022 are set out in note 8 to the financial statements.

The Corporation approved the Exeter College Remuneration of Senior Post Holders policy at its meeting in May 2022. The policy complies with 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 four, reducing to three members of the Corporation (excluding the Principal/Accounting Officer and the Chair of the Board) plus two co-opted members, one for part of the year only. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Assurance Committee met four times and provides a forum for reporting by the College's internal auditors, reporting accountants 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 the internal audit service 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 auditors, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work, as well as reporting annually to the Corporation.

The Audit and Risk Assurance Committee met four times in the year to 31 July 2022. The members of the Committee and their attendance records are shown below:

Committee Member	Meetings Attended
Sarah Brampton	3/4
Neil Hitchings	4/4
Rob Hutchins	4/4
Adele Westcott	4/4

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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 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/CEO, 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 funding bodies. 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 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 2022 and up to the date of approval of the annual report and accounts.

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 2022 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 report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Control weaknesses identified

TIAA provided the Internal Audit Service for the College and in 2021/2022 it considered the College had an adequate and effective framework for risk management, control and governance processes and that there were no specific areas that they believe require inclusion in the College's Annual Governance Statement in regard to their assurance work.

Responsibilities under funding agreements

The College governors confirm that they have met all conditions under the funding agreement.

Statement from the Audit and Risk Assurance Committee

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.

The specific areas of work undertaken by the audit committee in 2021/22 and up to the date of the approval of the financial statements are:

- Consideration of the Assurance Framework, determination of the scope of audits and monitored progress towards actions recommended
- Regularly reviewed the risk register, undertook deep dives on pertinent risk areas and provided comprehensive assurance to the Board on risks and mitigations
- Provided oversight of robust tender processes to award contracts to the external and internal auditors
- Provided oversight of the ESFA's funding assurance review
- Ensured the robustness of the College's policies and procedures and reviewed the updated whistleblowing policy and anti-fraud policy

Review of effectiveness

As Accounting Officer, the Principal/CEO 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. A plan to address weakness and ensure continuous improvement of the system is in place.

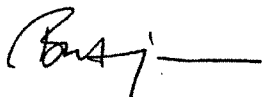
The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and 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 9 December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Senior Leadership Team, internal audit and taking account of events since 31 July 2022.

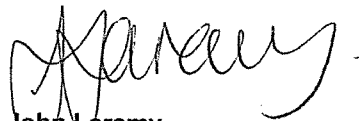
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

Based on the advice of the Audit and Risk Assurance Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets"*.

Approved by order of the members of the Corporation on 9 December 2022 and signed on its behalf by:



Bindu Arjoon
Chair of the Board



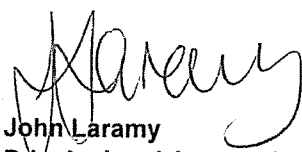
John Laramy
Principal and Accounting Officer

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.

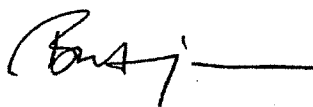
We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are unable to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements 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: 9/12/2022



Bindu Arjoon
Chair of the Board

Date: 9 December 2022

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.

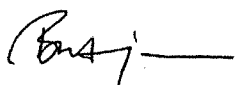
The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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 9 December 2022 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 'parent corporation') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, 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 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2022 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 2021 to 2022 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 group and parent 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 ('ESFA') requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group, or returns adequate for our audit have not been received from branches not visited by us; or
- the group'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.

EXETER COLLEGE

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 ('OfS') 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 22, 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 group and parent 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

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.

These procedures were considered at both the parent corporation and subsidiary level as appropriate.

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. 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

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date: 14 December 2022

EXETER COLLEGE

Reporting accountant's assurance report on regularity to the Corporation of Exeter College ("the College") and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 21 July 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Exeter College during the period 1 August 2021 to 31 July 2022 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Exeter College and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of Exeter College and ESFA 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 August 2021 to 31 July 2022 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 ESFA. 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 and propriety.

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);
- Testing transactions with related parties;
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

EXETER COLLEGE

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

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 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Bishop Fleming LLP

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

14 December 2022

EXETER COLLEGE
Consolidated Statements of Comprehensive Income and Expenditure
For the year ended 31 July 2022

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	41,596	41,585	39,641	39,630
Tuition fees and education contracts	3	3,117	3,117	3,568	3,568
Other grants and contracts	4	1	1	97	72
Other income	5	4,866	4,289	3,802	3,255
Investment income	6	3	3	2	2
Total income		49,583	48,995	47,110	46,527
EXPENDITURE					
Staff costs	7	35,478	34,884	32,140	31,539
Other operating expenses	9	12,462	12,555	10,084	9,999
Depreciation	12	3,596	3,580	3,268	3,254
Interest and other finance costs	10	1,063	1,063	910	910
Total expenditure		52,599	52,082	46,402	45,702
Operating surplus on continuing activities		888	817	3,823	3,940
FRS 102 pension adjustments		(3,904)	(3,904)	(3,115)	(3,115)
		(3,016)	(3,087)	708	825
(Deficit)/Surplus before other gains and losses		(3,016)	(3,087)	708	825
Gain/(Loss) on disposal of assets		1	1	(5)	(5)
Gain/(loss) on investments		-	-	-	-
(Deficit)/Surplus before tax		(3,015)	(3,086)	703	820
Taxation	11	-	-	-	-
(Deficit)/Surplus for the year		(3,015)	(3,086)	703	820
Actuarial gain in respect of pensions	24	35,430	35,430	879	879
Total Comprehensive Income for the year		32,415	32,344	1,582	1,699

All items of income and expenditure relate to continuing activities.

EXETER COLLEGE

Consolidated and College Statement of Changes in Reserves

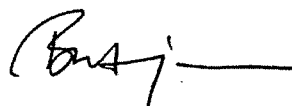
For the year ended 31 July 2022

	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2020	(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)	-	-
	1,907	(325)	-	1,582
Balance at 31 July 2021	(10,591)	8,274	-	(2,317)
Surplus/(deficit) from the income and expenditure account	(3,015)	-	-	(3,015)
Other comprehensive income	35,430	-	-	35,430
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
Total comprehensive income	32,740	(325)	-	32,415
Balance at 31 July 2022	22,149	7,949	-	30,098
College				
Balance at 1 August 2020	(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)	-	-
	2,024	(325)	-	1,699
Balance at 31 July 2021	(10,393)	8,274	-	(2,119)
Surplus/(deficit) from the income and expenditure account	(3,086)	-	-	(3,086)
Other comprehensive income	35,430	-	-	35,430
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
Total comprehensive income	32,669	(325)	-	32,344
Balance at 31 July 2022	22,276	7,949	-	30,225

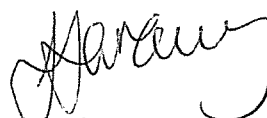
EXETER COLLEGE
Balance sheets as at 31 July 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non current assets					
Tangible Fixed assets	12	65,507	65,470	65,497	65,452
Investments	13	-	-	-	-
		65,507	65,470	65,497	65,452
Current assets					
Trade and other receivables	14	1,911	1,988	1,476	1,637
Cash and cash equivalents	19	9,804	9,724	8,393	8,331
		11,715	11,712	9,869	9,968
Creditors – amounts falling due within one year	15	(8,838)	(8,739)	(6,884)	(6,818)
Net current assets		2,877	2,973	2,985	3,150
Total assets less current liabilities		68,384	68,443	68,482	68,602
Creditors – amounts falling due after more than one year	16	(26,451)	(26,383)	(27,358)	(27,280)
Provisions					
Defined benefit obligations	18	(10,874)	(10,874)	(42,299)	(42,299)
Other provisions	18	(961)	(961)	(1,142)	(1,142)
Total net assets		30,098	30,225	(2,317)	(2,119)
Unrestricted Reserves					
Income and expenditure account		33,023	33,150	31,708	31,906
Pension Reserve		(10,874)	(10,874)	(42,299)	(42,299)
Revaluation reserve		7,949	7,949	8,274	8,274
Total unrestricted reserves		30,098	30,225	(2,317)	(2,119)
Total reserves		30,098	30,225	(2,317)	(2,119)

The financial statements on pages 28 to 54 were approved and authorised for issue by the corporation on 9/12/2022 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 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Cash flow from operating activities					
(Deficit)/Surplus for the year		(3,015)	(3,086)	703	820
Adjustment for non-cash items					
Depreciation		3,596	3,580	3,268	3,254
(Increase)/decrease in debtors		(437)	(351)	643	547
Increase/(decrease) in creditors due within one year		1,842	1,807	(374)	(389)
Increase/(decrease) in creditors due after one year		(10)	-	(12)	-
Increase/(decrease) in provisions		(181)	(181)	(64)	(64)
Pensions costs less contributions payable		3,904	3,904	3,115	3,115
Adjustment for investing or financing activities					
Investment income		(3)	(3)	(2)	(2)
Interest payable		370	370	332	332
Loss on sale of fixed assets		(1)	(1)	5	5
Net cash flow from operating activities		6,065	6,039	7,614	7,618
Cash flows from investing activities					
Investment income		3	3	2	2
Payments made to acquire fixed assets		(3,606)	(3,598)	(13,833)	(13,826)
Receipt of Capital Grant		200	200	4,243	4,243
Proceeds from sale of fixed assets		1	1	7	7
		(3,402)	(3,394)	(9,581)	(9,574)
Cash flows from financing activities					
Interest paid		(370)	(370)	(332)	(332)
New Secured Loans		-	-	3,000	3,000
Repayments of amounts borrowed		(882)	(882)	(761)	(761)
		(1,252)	(1,252)	1,907	1,907
Increase/(decrease) in cash and cash equivalents		1,411	1,393	(60)	(49)
Cash and cash equivalents at beginning of the year	19	8,393	8,331	8,453	8,380
Cash and cash equivalents at end of the year	19	9,804	9,724	8,393	8,331

Analysis of changes in net (debt)/funds

	At 1 August 2021 £'000	Cash Flows £'000	Other Changes £'000	At 31 July 2022 £'000
Cash in hand, at bank	8,393	1,411		9,804
Debt due within one year	(876)	882	(994)	(988)
Debt due after one year	(8,903)		994	(7,909)
Current asset investments	-			
Total	(1,386)	2,293	-	907

EXETER COLLEGE
Notes to the Financial Statements
For the year ended 31 July 2022

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 2021 to 2022 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 2022.

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 £8.9m of loans outstanding with bankers on terms negotiated since 2005 and cash reserves at year end of £9.8m. The terms of the existing loan agreements are for up to another 13 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.

The Group continues to grow, resulting in budgeted higher income and significant contingency has been budgeted to mitigate against the unprecedented levels of inflation being experienced across most cost lines. High cash levels have been maintained to create a buffer to mitigate against inflation and to provide opportunities for growth in the Estate.

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 2022

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 2022

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 2022. They are not depreciated until they are brought into use.

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

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.

Borrowing Costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum 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.

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

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.

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 2022

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 2022. 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

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – adult education budget	780	780	1,014	1,014
Education and Skills Funding Agency – 16 -18	31,610	31,610	30,109	30,109
Education and Skills Funding Agency – apprenticeships	6,671	6,671	6,087	6,087
Office for students	229	229	236	236
Specific grants				
Teacher Pension Scheme contribution grant	1,067	1,067	1,130	1,130
Releases of capital grants	1,239	1,228	1,065	1,054
Total	41,596	41,585	39,641	39,630

3 Tuition fees and education contracts

	2022	2021
Group and College	£'000	£'000
Adult education fees	1,071	1,275
Apprenticeship employer fees and contracts	68	90
Fees for FE and HE loan supported courses	1,650	1,919
International students' fees	324	265
Total tuition fees	3,113	3,549
Education contracts	4	19
Total	3,117	3,568

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2022

3a OFS Income	2022	2021
	£'000	£'000
Grant income from the Office for Students	229	236
Fee income for taught awards	1,675	1,965
Total	1,904	2,201

4 Other grants and contracts

	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Coronavirus Job Retention Scheme grant	1	1	97	72
Total	1	1	97	72

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 in the years ended 31 July 2022 and 2021. This scheme closed during the year ended 31 July 2022.

5 Other income

	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	906	906	455	455
Other income generating activities	2,968	3,179	2,382	2,720
Exam fees	18	18	15	15
Rent receivable	170	170	58	58
Day nursery income	788	-	885	-
Hairdressing	16	16	7	7
Total	4,866	4,289	3,802	3,255

6 Investment income

	Group and College	Group	College
	2022	2021	2021
	£'000	£'000	£'000
Other interest receivable	3	2	2

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

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	2022	2022	2021	2021
	Headcount	FTE	Headcount	FTE
	No.	No.	No.	No.
Teaching staff	1,054	594	993	616
Non-teaching staff	171	161	171	158
	1,225	755	1,164	774

College	2022	2022	2021	2021
	Headcount	FTE	Headcount	FTE
	No.	No.	No.	No.
Teaching staff	1,054	594	993	616
Non-teaching staff	142	134	140	131
	1,196	728	1,133	747

Staff costs for the above persons	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Wages and salaries	25,035	24,528	23,178	22,633
Social security costs	2,293	2,261	1,993	1,961
Other pension costs	8,117	8,062	6,928	6,904
Payroll sub total	35,445	34,851	32,099	31,498
Restructuring costs – Contractual	33	33	41	41
Total Staff costs	35,478	34,884	32,140	31,539

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

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

	2022	2021
	No.	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	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £70,000 p.a.	-	-	3	2
£70,001 to £80,000 p.a.	-	-	6	5
£80,001 to £90,000 p.a.	-	-	-	-
£90,001 to £100,000 p.a.	-	2	-	-
£100,001 to £110,000 p.a.	2	-	-	-
£110,001 to £120,000 p.a.	-	1	-	-
£120,001 to £130,000 p.a.	1	-	-	-
£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	-	-
£180,001 to £190,000 p.a.	1	-	-	-
	<u>4</u>	<u>4</u>	<u>9</u>	<u>7</u>

Key management personnel compensation is made up as follows:

	2022	2021
	£'000	£'000
Basic salary	551	521
Performance related pay and bonus		
Benefits in kind	10	5
Employers National Insurance	72	68
Pension contributions	117	111
	<u>750</u>	<u>705</u>
Total key management personnel compensation		

Notes to the Financial Statements (continued)**For the year ended 31 July 2022**

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:

	2022	2021
	£'000	£'000
Basic salary	180	176
Other including benefits in kind	6	1
Pension contributions	43	42
	<u>229</u>	<u>219</u>

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

	2022	2021
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	6.3	6.3
Principal and CEO's total remuneration as a multiple of the median of all staff	6.7	6.8

EXETER COLLEGE

Notes to the Financial Statements (continued) For the year ended 31 July 2022

9 Other operating expenses

	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,553	4,523	3,200	3,159
Non-teaching costs	4,804	4,948	4,192	4,148
Premises costs	3,105	3,084	2,692	2,692
Total	12,462	12,555	10,084	9,999

Other operating expenses include:	2022	2021
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	43	27
Other services provided by the financial statements auditor	2	-
Internal audit fees**	13	16
Losses on disposal of non-current assets	(1)	5
Depreciation	3,596	3,268
Hire of assets under operating leases	112	125

* includes £35,880 in respect of the College (2021: £24,060)

** includes £12,798 in respect of the College (2021: £16,416)

9a. Access and participation spending

	2022	2021
	£,000	£'000
Access Investment	20	15
Financial support to students	7	7
Disability support	21	26
Research and evaluation	9	6
Total	57	54

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

10 Interest and other finance costs – Group and College

	2022	2021
	£'000	£'000
On bank loans, overdrafts and other loans:	370	332
	<u>370</u>	<u>332</u>
Net interest on defined pension liability (note 24)	693	578
	<u>693</u>	<u>578</u>
Total	1,063	910

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)

	Land and buildings Freehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2021	94,707	8,484	338	103,529
Additions	1,338	1,384	884	3,606
Disposals	-	(4)	-	(4)
Transfers	193	356	(549)	-
At 31 July 2022	96,238	10,220	673	107,131
Depreciation				
At 1 August 2021	33,306	4,726	-	38,032
Charge for the year	2,132	1,464	-	3,596
Disposals	-	(4)	-	(4)
At 31 July 2022	35,438	6,186	-	41,624
Net book value at 31 July 2022	60,800	4,034	673	65,507
Net book value at 31 July 2021	61,401	3,758	338	65,497

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

12 Tangible fixed assets (College only)

	Land and buildings	Equipment	Assets in the course of construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2021	94,707	8,413	337	103,457
Additions	1,338	1,376	884	3,598
Disposals	-	(4)	-	(4)
Transfers	193	356	(549)	-
At 31 July 2022	96,238	10,141	672	107,051
Depreciation				
At 1 August 2021	33,306	4,699	-	38,005
Charge for the year	2,132	1,448	-	3,580
Elimination in respect of disposals	-	(4)	-	(4)
At 31 July 2022	35,438	6,143	-	41,581
Net book value at 31 July 2022	60,800	3,998	672	65,470
Net book value at 31 July 2021	61,401	3,714	337	65,452

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

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.

EXETER COLLEGE

Notes to the Financial Statements (continued)
For the year ended 31 July 2022

14 Trade and other receivables

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	389	474	181	313
Prepayments and accrued income	1,522	1,514	1,295	1,324
Total	1,911	1,988	1,476	1,637

15 Creditors: amounts falling due within one year

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	988	988	876	876
Payments received in advance	551	491	643	624
Trade payables	1,745	1,739	348	344
Other taxation and social security	651	644	560	555
Deferred Income	1,336	1,325	1,109	1,096
Accruals	2,131	2,100	2,248	2,222
Deferred income - government capital grants	1,250	1,250	1,100	1,100
Amounts owed to the ESFA	186	186	-	-
Amounts owed to subsidiary undertaking	-	16	-	1
Total	8,838	8,739	6,884	6,818

16 Creditors: amounts falling due after one year

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank loans	7,909	7,909	8,903	8,903
Capital grant liability	68	-	78	-
Deferred income - government capital grants	18,474	18,474	18,377	18,377
Total	26,451	26,383	27,358	27,280

Notes to the Financial Statements (continued)
For the year ended 31 July 2022

17 Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group and College	
	2022	2021
	£'000	£'000
In one year or less	988	876
Between one and two years	982	997
Between two and five years	2,839	2,990
In five years or more	4,088	4,916
Total	8,897	9,779

The College currently has five bank loans:

- The first loan (capital outstanding at 31 July 2022: £2,167k) 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 was fixed for a period of 15 years at 5.615% per annum which ended in July 2022. The remaining 5 year period of the loan is now at a fixed rate of 3.521% per annum.
- The second loan (capital outstanding at 31 July 2022: £1,313k) 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 4.0225% per annum.
- The third loan (capital outstanding at 31 July 2022: £304k) 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 £2,217k.
- 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. Capital outstanding at 31 July 2022 was £2,896.

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

18 Provisions for liabilities and charges

	Group and College		
	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2021	42,299	1,142	43,441
Contributions/Expenditure in the period	(1,073)	-	(1,073)
Indexation/interest	693	18	711
Current service cost	4,284	(98)	4,186
Actuarial valuation loss/(gain)	(35,329)	(101)	(35,430)
At 31 July 22	10,874	961	11,835

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:

	2022	2021
Discount rate	3.40%	1.60%
Price inflation	2.75%	2.80%

19 Cash and cash equivalents

	At 1 August 2021	Cash flows	Other changes	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents – Group	8,393	1,411	-	9,804
Cash and cash equivalents - College	8,331	1,393	-	9,724

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

20 Capital and other commitments

	Group and College	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	1,200	951

21 Lease obligations

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

	Group and College	
	2022	2021
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	281	149
Later than one year and not later than five years	719	15
Later than five years	-	-
	<u>1,000</u>	<u>164</u>
Other		
Not later than one year	5	2
Later than one year and not later than five years	6	-
Later than five years	-	-
	<u>11</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 2022

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.

Total pension cost for the year	2022	2021
	£000	£000
Teachers' Pension Scheme: contributions paid	3,760	3,359
Local Government Pension Scheme:		
Contributions paid	1,073	992
FRS 102 (28) charge	3,211	2,537
Charge to the Statement of Comprehensive Income	4,284	3,529
Enhanced pension charge to Statement of Comprehensive Income	19	16
Total Pension Cost for Year within staff costs	8,063	6,904

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 £473k (2021: £431k) were payable to the Teachers' Pension scheme and are included in creditors.

Contributions amounting to £127k (2021: £117k) payable to the Local Government Pension scheme are included in creditors.

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

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 2021/22 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 £5,133,786 (2021: £4,581,817)

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 2022 were £1,507,743, of which employer's contributions totalled £1,072,780 and employees' contributions totalled £434,963. 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 2022

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 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.75%	3.80%
Future pensions increases	2.75%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.75%	2.80%
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:

	At 31 July 2022 Years	At 31 July 2021 Years
<i>Retiring today</i>		
Males	21.70	22.70
Females	22.90	24.00
<i>Retiring in 20 years</i>		
Males	23.00	24.00
Females	24.30	25.40

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

	Fair Value at 31 July 2022 £'000	Fair Value at 31 July 2021 £'000
UK Equities	3,433	4,206
Overseas Equities	18,665	21,626
Gilts	7,154	5,454
Property	4,127	3,242
Infrastructure	3,051	1,526
Other Bonds	927	789
Target Return		
Portfolio	3,862	3,927
Cash	290	392
Alternative Assets	(10)	3
Private Equity	-	-
Total fair value of plan assets	41,499	41,165
Actual return on plan assets	(10,874)	(42,299)

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

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:

	2022	2021
	£'000	£'000
Fair value of plan assets	41,499	41,165
Present value of plan liabilities	(52,373)	(83,464)
Net pensions (liability)/asset (note 18)	(10,874)	(42,299)

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

	2022	2021
	£'000	£'000
Amounts included in staff costs		
Current service cost	(4,284)	(3,529)
Past service cost	-	-
Total	(4,284)	(3,529)

Amounts included in investment income

Net interest income	(693)	(578)
	(693)	(578)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	(720)	6,045
Experience losses arising on defined benefit obligations	(215)	1,392
Changes in assumptions underlying the present value of plan liabilities	36,264	(6,541)
Enhanced pension (loss)/gain	101	(17)
Amount recognised in Other Comprehensive Income	35,430	879

EXETER COLLEGE**Notes to the Financial Statements (continued)****For the year ended 31 July 2022****24 Defined benefit obligations (continued)****Movement in net defined benefit (liability)/asset during year**

	2022	2021
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(42,299)	(40,080)
Movement in year:		
Current service cost	(4,284)	(3,529)
Employer contributions	1,073	992
Past service cost	-	-
Net interest on the defined (liability)/asset	(693)	(578)
Actuarial gain or loss	35,329	896
Net defined benefit (liability)/asset at 31 July (note 18)	(10,874)	(42,299)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	83,464	74,304
Current service cost	4,248	3,529
Interest cost	1,331	1,036
Contributions by Scheme participants	435	405
Experience gains and losses on defined benefit obligations	215	(1,392)
Changes in financial assumptions	(32,187)	7,447
Changes in demographic assumptions	(4,077)	(906)
Estimated benefits paid	(1,092)	(959)
Past Service cost	36	-
Defined benefit obligations at end of period	52,373	83,464

Changes in fair value of plan assets

Fair value of plan assets at start of period	41,165	34,224
Interest on plan assets	662	482
Return on plan assets	(720)	6,045
Other actuarial loss	-	-
Administration expenses	(24)	(24)
Employer contributions	1,073	992
Contributions by Scheme participants	435	405
Estimated benefits paid	(1,092)	(959)
Fair value of plan assets at end of period	41,499	41,165

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2022

24 Defined benefit obligations (continued)

These accounts have taken in to account the judgement of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

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.

Exeter College Services Limited – A subsidiary of Exeter College

Transactions in the year amounted to £240,189. The balance outstanding as at 31 July 2022 was £309,928 (2020/21 - £147,689). There is currently a provision of £180,353 in respect of this debt in the College's financial records.

26 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 £1,284k (2021: £1,081k) was received by the ESFA as Bursary payments and subsequently distributed back to students. At the end of July 2022 there was a remaining balance of 266k (2021: £94k) which is shown under creditors.

27 Post Balance Sheet Event

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions. This decision is retrospective to April 1993. The Department for Education introduced some new rules with for colleges with immediate effect. None of these rule changes have a significant impact on the 2021/22 financial statements of Exeter College and of its position at 31 July 2022.. The Department for Education is expected to continue to review this change and issue further guidance over the coming 12 to 24 months. The College will also continue to keep further changes under consideration.