



EXETER COLLEGE
Annual Report and Financial Statements
Year ended 31 July 2023

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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 Senior Leadership team reporting directly to the principal and were represented by the following in 2022-23:

Principal & Accounting Officer:	Mr J Laramy CBE
Chief Financial Officer:	Mr R Church (Until November 2022)
Vice Principal – Schools, Partnerships & Curriculum:	Mr R Bosworth
Vice Principal – Performance:	Ms J Otty
Executive Director of Finance:	Mr J Dowell (From January 2023)
Executive Director of College Information Services:	Mr T Coombes (From January 2023)
Executive Director of People and Organisational Development:	Ms G Noble (From January 2023)
Head of Governance	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

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STATEMENT FROM THE CHAIR OF THE BOARD

I am delighted to be writing this statement to reflect on what has truly been an **outstanding** year for Exeter College. An Ofsted Inspection in 2022 resulted in the College retaining the impressive accolade of Outstanding. The College also scored the top assessment of 'strong' for its approach to meeting the skills needs of the area. This makes Exeter College the first College in the country to achieve the highest judgement in both elements of Ofsted's new enhanced inspections. This incredible achievement is testament to the leadership team, teaching staff, support staff and learners who all contribute to make Exeter College the place it is. This outstanding environment helps to generate exceptional results and progression, of which, more later.

The role played by Governors in supporting the College in recent turbulent years has also been outstanding. After the Strategic Plan was finalised in 2020/21, the focus has been on communicating and implementing the Plan, which drives the College forwards in pursuit of our vision 'To be an exceptional college'. 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. Now three years into delivery, the time is right to start considering the next phase and work is underway to refresh the strategic plan during next year.

The role Exeter College plays in the city of Exeter, collaborating with key partners across business, industry and the community is as important to us as the quality of education and skills training that we provide. 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. We believe that working in partnership 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 is the best way to achieve this and we will continue to do so as we move into the next phase of our strategic planning.

On 29th November 2022, the Office for National Statistics ('ONS') reclassified further education corporations, sixth form college corporations and designated institutions in England ('Colleges'), as public sector bodies, forming part of Central Government. Whilst this sector reclassification decision does bring about some changes to the financial control and regulation environment, we do not anticipate it will of itself have any material effect on our strategic direction.

Growth continues to be both a great strength and a significant 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 and 6,763 this year. Further growth has also been achieved during enrolment for the 2023/24 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. In addition to the increasing need for expansion space, the college also has some teaching space on our main campus that has been unusable due to condition. Whilst we continue to seek out opportunities for capital funding to support our long term expansion needs, we were pleased to be awarded £2.9m Government grant funding from the 'Further Education Capital Transformation Fund' which we will use, together with funding from the college's cash reserves, to replace this with fit-for-purpose, modern teaching space.

In more good news in terms of capital investment, we were also awarded £4m from the post-16 transformation fund which will enable us to deliver world class sports training facilities and £1.5m to support delivery of T-levels in catering & hospitality and creative & design. These projects will be completed over the next two years, alongside approximately £2m investment in physical and digital environments. In the year just ended, our capital investment totalled over £5m across a range of projects, notably significant improvements to T-level delivery space at Victoria House and digital infrastructure.

Viewed from a variety of perspectives, the Board has presided over an outstanding year for the College. 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, the Governors are actively monitoring the various headwinds. The significant increases to the cost of energy and widespread inflationary pressures, alongside workforce market pressures have resulted in the need for agile and prudent financial management and the college has managed these well.

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Returning then to the exceptional results and progression of learners, The College has exceeded every metric of its 2019 results (the last pre-pandemic results), which has nationally set the benchmark for this year's results as awarding bodies return to pre-covid grading. Our students celebrated an A Level achievement pass rate of 99.6% (against a national average of 97.3%), with an incredible 59% achieving grades A* to B, (6% ahead of the national average) and A*-C at 86.1% against a national average 76%.

Our value-added score, based on third party data collection and measuring progression of learners puts Exeter College comfortably in the top 15% in the country. Of 1,585 University applications through UCAS, 1,539 (97%) received at least one offer and 15 students were offered places at Oxbridge.

Our Apprenticeships overall achievement rate remained significantly ahead of the last 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, UAL, 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 very high degree of confidence.

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

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 2023.

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.

On 29th November 2022, the Office for National Statistics ('ONS') reclassified further education corporations, sixth form college corporations and designated institutions in England ('Colleges'), as public sector bodies, forming part of Central Government.

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 1,296 people, of whom 1,109 are teaching staff.

In 2022/23, Exeter College enrolled approximately 11,800 students. The College's student population includes 6,763 16-to-18-year-old students, around 2,000 apprentices, 250 higher education students and 3000 part time adult learners.

Excluding the pension reserve, Net Assets of the Group are £41.5m (2021/22: £41.0m) and the College £41.6m (2021/22: £41.1m). The Group pension reserve is now £nil (2021/22: £10.9m) and including this pension reserve, the Group has £41.5m of consolidated net assets (2021/22: £30.1m), with long-term debt of £7.0m (2021/22: £7.9m).

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 Outdoor Education Centre at Haven Banks, on the Quayside in Exeter, in partnership with Devon County Council and
- The Exwick sports facilities in conjunction with Exeter City Council.

During the course of 2022/23 around £5m of capital investment was made across a wide range of projects that contribute to ensuring the college is providing high quality teaching space with access to industry standard equipment and facilities in both the physical and digital environments.

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 recent Ofsted inspection in 2022, Exeter College was rated as Outstanding, retaining the highest rating it was awarded at last inspection back in 2014.

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.

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

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

On 29th November 2022, the Office for National Statistics ('ONS') reclassified further education corporations, sixth form college corporations and designated institutions in England ('Colleges'), as public sector bodies, forming part of Central Government. This means, inter alia, that it must comply with the requirements of HM Treasury's Managing Public Money guidelines, strengthening still further the link to public benefit.

DEVELOPMENT AND PERFORMANCE

Financial results

Before an actuarial gain in respect of pensions of £16,614k (2021/22 £35,430k) and a pension surplus not recognised of £4,036k (2021/22 £nil) the Group generated an operating surplus before pension adjustments of £436k (2021/22 £888k). The Group received 71% of its total income for 2021/22 (2021/22 £71%) as grants from funding bodies (excluding apprenticeships), most notably from the Education and Skills Funding Agency for 16-18 provision. The improvement in performance from the prior year was again largely due to an increase in funding from the ESFA in relation to the 16-18 cohort, from £31.6m in 2021/22 to £35.7m in 2022/23 due to growth in numbers. There has been a corresponding increase across most cost lines to deliver this growth in numbers, most notably college staff costs from £34.9m to £36.5m.

Excluding the pension reserve, Net Assets of the Group are £41.5m (2021/22: £41.0m). The pension reserve deficit of £zero (2021/22: £10.9m) results in Group Net Assets of £41.5m; (2021/22 £30.1m). The Group's main asset is its Land and Buildings (including Assets in the course of construction), with a net book value of £66.3m (2021/22 £65.5m)

Cash flows and liquidity

Cash balances at year end were £9.3m (2021/22: £9.8m). The cash balances will continue to be used to support the development and implementation of the strategic plan and property Masterplan. During the year, the college received capital grants from government totalling £1.9m which are included in the cash balance and will be carried forward to support a significant improvement to part of the Hele Road site, commencing in the next financial year.

At £4.1m (2021/22 £6.1m), Group net cash flow from operating activities remains strong.

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 interest paid of £361k (2021/22 £370k) and repayment of amounts borrowed of £935k (2021/22 £882k) were clearly exceeded comfortably by the operating cashflow of £4.1m.

Reserves

The group has accumulated reserves (excluding Revaluation reserve and Pension reserve) of £33.9m (2021/22 £33.0m) and cash and cash equivalent balances of £9.3m (2021/22 £9.8m). The Group will continue to utilise reserves and cash balances in order to fund significant planned capital requirements in order to maintain great quality teaching facilities and accommodate growth in student numbers.

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Sources of income

The Group has significant reliance on the education sector funding bodies and received 71% of its total income for 2022/23 as grants from funding bodies (excluding apprenticeships), most notably from the Education and Skills Funding Agency for 16-18 provision.

Group companies

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

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 in 2020/21.

The Masterplan was further developed during 2020/21 with a key focus on replacement of poor condition estate on the Hele Road site with modern fit-for-purpose building, for which planning permission was secured. After a period of consolidation, the requisite funding package is now in place, enabling us to push ahead with this development, commencing in 2023/24 and completing in 2025/26.

The College has embraced the Government initiative to roll out the new T-Level qualification and has been successful in securing £1.5m of grant funding to enhance the facilities and equipment required to deliver the technical skills based qualifications in catering & hospitality and creative & design.

We were also successful in a bid to the post-16 education capacity fund, securing a £4m grant towards investment to deliver world class sports facilities for the students of Exeter College and benefit of the wider Exeter community.

The College also continues annually to invest in IT and smaller scale estates projects to maintain quality, improve business continuity and combat the threat of cyber security attacks. After a significant investment in IT infrastructure in the current year, we anticipate that this will even out at approximately £0.5m per annum over the next 5 years.

Taken together, these plans amount to an exciting period for the college, with planned investment of £25m over the next 5 years, delivering against the core priorities within the masterplan and supporting delivery of our strategic plan vision to be an exceptional college.

Financial plan

The College governors approved a financial plan in July 2023 which sets objectives for the period to July 2024. The College aims to maintain its health rating of at least 'Good' and achieve a surplus in the year to 31 July 2024 in order to generate cash for further investment in the estate, IT and specialist faculty equipment outlined in the future developments section above

In line with the available demographic data through the Office of National Statistics, growth has been forecast across income lines, with the resultant teaching and support staff costs also increased. Cost increases have also been included to account for expected inflationary pressures.

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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Following the reclassification of FE colleges into the central government sector, the conditions relating to borrowing became generally more restrictive, to ensure compliance with the requirements of *Managing Public Money (MPM)*.

The Department for Education (DfE) issued guidance confirming that Colleges' existing debt commitments did not need to change, and that they expect that colleges will repay their existing loans to maturity. The guidance also clarified that in respect of any proposed new private sector borrowing, *MPM* is clear that from 29 November 2022 colleges as public sector organisations may borrow from private sector sources only if the transaction delivers value for money for the Exchequer. Because non-government lenders face higher financing costs, in practice it is very unlikely that colleges will be able to satisfy this condition for future private sector borrowing, therefore **any** proposals for new private sector borrowing would need express DfE consent.

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.

- Failure to respond to curriculum and assessment changes
- Failure to meet safeguarding and Prevent Strategy requirements
- Failure to accommodate and coordinate large exam sittings
- Failure to detect fraud
- Failure to maintain financial stability
- Failure to recruit 16-18 learners
- 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
- Failure to make a success of the nursery collaboration project
- New and increased competition from FE colleges and schools with 6th forms
- Adverse publicity and reputation damage due to failure of travel service providers
- Breach of legislation
- IT security – risk of cyber attack
- Insufficient capacity within IT resources (hardware and infrastructure) following period of rapid development

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.

EXETER COLLEGE 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 retained cash position that enables significant strategic capital builds to take place. Target year end cash reserves (pre-capital build expenditure) of £8m	Achieved – year end cash reserves of £9.3m,
3	To maintain liquidity to meet short term requirements. Current ratio > 1	Achieved – Group current ratio at year end of 1.33
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 14.7%
5	To achieve an agreed annual operating surplus. EBITDA (as a % of income) > 7%	Not Achieved - Annual EBITDA as a percentage of income 5.95%. The cost of teaching more than 200 additional students above the funded level with only partial in-year funding, coupled with the impact of inflationary pressures on costs, particularly energy costs, has squeezed profitability slightly below target. However, had the growth in student numbers been fully funded, an additional £755k would have been received, resulting in an EBITDA achievement of 7.24%. Cash generation from operations remains strong.
6	Generate sufficient funds to service debt. Debt service cover > 2:1	Achieved – Debt service cover 2.6:1

Student achievements

The College has exceeded every metric of its 2019 results (the last pre-pandemic results), which has nationally set the benchmark for this year's results as awarding bodies return to pre-covid grading. Our students celebrated an A Level achievement pass rate of 99.6% (against a national average of 97.3%), with an incredible 59% achieving grades A* to B, (6% ahead of the national average) and A*-C at 86.1% against a national average 76%.

Our value-added score, based on third party data collection and measuring progression of learners puts Exeter College comfortably in the top 15% in the country. Of 1,585 University applications through UCAS, 1,539 (97%) received at least one offer and 15 students were offered places at Oxbridge.

Our Apprenticeships overall achievement rate remained significantly ahead of the last 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, UAL, T Levels, GCSE Maths and GCSE English to name but a few.

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 2022 to 31 July 2023, the College paid 95% 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 period	FTE employee number
11	10.45

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

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Total cost of facility time	£11,708.67
Total pay bill	£34,590,954
Percentage of total bill spent on facility time	0.034%

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.

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 8.12.23 and signed on its behalf by:


Bindu Arjoon
Chair of the Board

EXETER COLLEGE

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 2022 to 31 July 2023 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 2023. This opinion is based on a review of compliance with the Code reported to the Board within an eighteen month period and external verification by Ofsted whereby the College was awarded 'outstanding' status. 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 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 01/08/22 and 31/07/23 on which Members served, not where Members attended as observers. The normal term of office is 4 years, with a maximum of two consecutive terms (i.e. 8 years in total). By exception, it is possible for a member to serve for a third and further terms with the express approval of the Board.

Table 1: Corporation Members during 2022/23 and up to the date of approval of this report

Name	Appointment Dates	Terms of Office	Resignation Dates	Appointment Status	Board & Committees 01/08/22-31/07/23 (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 (4/5) Quality & Standards (3/3) Search & Governance (3/3) Remuneration (3/3)
G Atkins	01/06/23	4 years		External	Board (1/1) Business Services (1/1)
E Bradshaw-Smith	18/02/11 18/02/15 31/07/19 Extension to a third term to 31/07/23	4 years 4 years 4 years	31/07/23	External	Board (4/5) Quality and Standards (2/3) Search & Governance (2/3) Remuneration (2/3)
S Brampton	9/10/15 9/10/19	4 years 4 years		External	Board (3/5) Audit & Risk Assurance (3/3) Search & Governance (2/3) Remuneration (2/3)
S Clarke	04/05/18 03/05/22	4 years 4 years		External	Board (4/5) Quality & Standards (1/3) Search and Governance (2/3) Remuneration (2/3)
P Degregorio	07/12/22	4 years		Staff (T&L)	Board (4/4) Quality and Standards (2/2)
N Hitchings	07/02/20	4 years		External	Board (5/5) Audit & Risk Assurance (3/3)
R Hutchins	15/03/21	4 years		External	Board (3/5) Audit and Risk Assurance (3/3)

EXETER COLLEGE

Name	Appointment Dates	Terms of Office	Resignation Dates	Appointment Status	Board & Committees 01/08/22-31/07/23 (meetings attended/scheduled meetings)
A Irabor	24/11/21	1 year	31/08/22	HE Student Governor	N/A
J Laramy CBE	01/04/16	Ex officio		Principal & CEO	Board (4/5) Business Services (4/4) Quality & Standards (3/3) Search & Governance (3/3)
S Longmore	07/12/18	4 years	06/12/22	Staff (T&L)	Board (1/1) Quality & Standards (1/1)
C McCormack	01/05/20	4 years		External	Board (4/5) Business Services (3/4)
S Noakes	06/07/18 05/07/22	4 years 4 years		External	Board (4/5) Business Services (3/4)
T Quine	03/07/20	4 years		External	Board (4/5) Quality & Standards (2/3)
M Roach	08/12/10 17/12/14 07/12/18	4 years 4 years 4 years	06/12/22	External	Board (1/1) Business Services (2/2) Remuneration (1/1) Search & Governance (1/1)
V Roberts	03/07/20	4 years		Staff (Business Support)	Board (4/5) Quality & Standards (3/3)
A Sangaralingam	14.10.22	1 year	31/08/23	HE Student Governor	Board (4/5) Quality and Standards (1/2)
C Sedgman	01/06/23	4 years		External	Board (1/1) Business Services (0/1)
L Skinner	01/07/23	2 years		External (Secondary School)	Board (1/1)
G Smith-Easton	10/12/21	1 year	30/08/22	FE Student Governor	N/A
P Tigwell	18/02/22	4 years		External	Board (4/5) Business Services (3/3) Search and Governance (2/2) Remuneration (2/2)
Z Volschenk	13/12/22	1 year		FE Student Governor	Board (3/3) Quality and Standards (2/2)
A Westcott	15/03/21	4 years		Co-opted	Audit and Risk Assurance (3/3)
S Wolkowski	30/04/21	4 years		External	Board (4/5) Business Services (4/4)
G Woodcock	07/10/16 07/10/20	4 years 4 years		External	Board (5/5) Business Services (2/4) Search and Governance (3/3) Remuneration (3/3)

Alison Layton-Hill was the Head of Governance.

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 such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation met five times in the 2022/2023 academic year but following a decision at the Board meeting on 14 October 2022 it will meet four times each year from the beginning of the 2023/2024 academic year. The Board holds extraordinary meetings when required. The Board also attends scheduled strategy days.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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

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. Chair's agendas are provided to the Corporation Chair and Committee Chairs and briefings are also provided.

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 2023. This information was incorporated into the Governance self-assessment report where the impact of the Board is recorded along with areas for further consideration. Ofsted graded the College as 'outstanding' in December 2022. The governing body has considered DfE guidance on board reviews and has commissioned an external review to commence in November 2023.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The governing body is committed to development and held strategic development sessions over two days (12/13 May 2023). 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 2022/2023, 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.

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 October 2022, the Head of Governance attended a Governance Professionals Leadership Programme delivered by the Institute of Directors in conjunction with the Education and Training Foundation.

REMUNERATION COMMITTEE

Throughout the year ending 31 July 2023, 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 their 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 2023 are set out in note 8 to the financial statements.

AUDIT AND RISK ASSURANCE COMMITTEE

The Audit and Risk Assurance Committee comprised three members of the Corporation (excluding the Principal/Accounting Officer and the Chair of the Board) plus one co-opted member. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Assurance Committee met three 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.

EXETER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Audit and Risk Assurance Committee met three times in the year to 31 July 2023. The members of the Committee and their attendance records are shown below:

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

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 they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Exeter College and the funding bodies. They are 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 2023 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 2023 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:

EXETER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body 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
- 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, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Control weaknesses identified

TIAA provided the Internal Audit Service for the College and in 2022/2023 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 Department for Education and Skills Funding Agency introduced new controls for the College on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA Chief Executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The College has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

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 2022/23 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 the performance of the external and internal auditors
- Provided oversight of the Post-16 Audit Code of Practice with a focus on the implications of reclassification
- Challenged the College's compliance with GDPR and received reassurance that mandatory staff training is having a positive impact
- Provided a specific focus on cyber risk and monitored the recommendations of the specialist external auditor

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 their review of the effectiveness of the system of internal control by the Audit and Risk Assurance Committee which oversees the work of the internal auditor and other sources of assurance. 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.

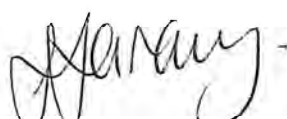
The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit and Risk Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Leadership Team, internal audit and taking account of events since 31 July 2023.

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 8.12.23 and signed on its behalf by:



Bindu Arjoon
Chair of the Board



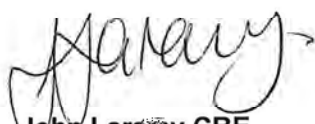
John Laramy CBE
Principal and Accounting Officer

EXETER COLLEGE
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



John Larany CBE
Principal and Accounting Officer

Date: 8.12.23

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Bindu Arjoon
Chair of the Board

Date: 11.12.23

EXETER COLLEGE

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the corporation, 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 is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice.

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 strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that 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 corporation 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(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. 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 economic, 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 ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 8.12.23 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 2023 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 2022 to 2023.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2023 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 2022 to 2023 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.

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

Date: 13 December 2023

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 2023 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 2022 to 31 July 2023 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 2022 to 31 July 2023 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 2022 to 31 July 2023 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

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

Date: 13 December 2023

EXETER COLLEGE
Consolidated Statements of Comprehensive Income and Expenditure
For the year ended 31 July 2023

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	46,776	46,765	41,596	41,585
Tuition fees and education contracts	3	2,602	2,602	3,117	3,117
Other grants and contracts	4	1,133	1,124	115	110
Other income	5	5,088	4,429	4,752	4,180
Investment income	6	26	26	3	3
Total income		55,625	54,946	49,583	48,995
EXPENDITURE					
Staff costs	7	37,259	36,588	35,478	34,884
Other operating expenses	9	14,976	15,036	12,462	12,555
Depreciation	13	3,850	3,833	3,596	3,580
Interest and other finance costs	11	735	735	1,063	1,063
Total expenditure		56,820	56,192	52,599	52,082
Operating surplus on continuing activities		436	385	888	817
FRS 102 pension adjustments		(1,631)	(1,631)	(3,904)	(3,904)
		(1,195)	(1,246)	(3,016)	(3,087)
(Deficit) before other gains and losses		(1,195)	(1,246)	(3,016)	(3,087)
Gain/(Loss) on disposal of assets		3	3	1	1
(Deficit) before tax		(1,192)	(1,243)	(3,015)	(3,086)
Taxation	12	-	-	-	-
(Deficit) for the year		(1,192)	(1,243)	(3,015)	(3,086)
Pension Surplus not recognised	25	(4,036)	(4,036)	-	-
Actuarial gain in respect of pensions	25	16,614	16,614	35,430	35,430
Total Comprehensive Income for the year		11,386	11,335	32,415	32,344

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 2023

	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2021	(10,591)	8,274	-	(2,317)
(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)	-	-
	32,740	(325)	-	32,415
Balance at 31 July 2022	22,149	7,949	-	30,098
(deficit) from the income and expenditure account	(1,192)	-	-	(1,192)
Pension Surplus not recognised	(4,036)	-	-	(4,036)
Other comprehensive income	16,614	-	-	16,614
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
Total comprehensive income	11,711	(325)	-	11,386
Balance at 31 July 2023	33,860	7,624	-	41,484
College				
Balance at 1 August 2021	(10,393)	8,274	-	(2,119)
(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)	-	-
	32,669	(325)	-	32,344
Balance at 31 July 2022	22,276	7,949	-	30,225
(deficit) from the income and expenditure account	(1,243)	-	-	(1,243)
Pension Surplus not recognised	(4,036)	-	-	(4,036)
Other comprehensive income	16,614	-	-	16,614
Transfers between revaluation and income and expenditure reserves	325	(325)	-	-
Total comprehensive income	11,660	(325)	-	11,335
Balance at 31 July 2023	33,936	7,624	-	41,560


EXETER COLLEGE
Balance sheets as at 31 July 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Non current assets					
Tangible Fixed assets	13	66,322	66,297	65,507	65,470
Investments	14	-	-	-	-
		66,322	66,297	65,507	65,470
Current assets					
Trade and other receivables	15	2,681	2,594	1,911	1,988
Cash and cash equivalents	20	9,272	9,212	9,804	9,724
		11,953	11,806	11,715	11,712
Creditors – amounts falling due within one year	16	(10,650)	(10,458)	(8,838)	(8,739)
Net current assets		1,303	1,348	2,877	2,973
Total assets less current liabilities		67,625	67,645	68,384	68,443
Creditors – amounts falling due after more than one year	17	(25,316)	(25,260)	(26,451)	(26,383)
Provisions					
Defined benefit obligations	19	-	-	(10,874)	(10,874)
Other provisions	19	(825)	(825)	(961)	(961)
Total net assets		41,484	41,560	30,098	30,225
Unrestricted Reserves					
Income and expenditure account		33,860	33,936	33,023	33,150
Pension Reserve		-	-	(10,874)	(10,874)
Revaluation reserve		7,624	7,624	7,949	7,949
Total unrestricted reserves		41,484	41,560	30,098	30,225
Total reserves		41,484	41,560	30,098	30,225

The financial statements on pages 28 to 55 were approved and authorised for issue by the corporation on 8.12.23 and were signed on its behalf on that date by:



Bindu Arjoon
Chair of the Board



John Laramy CBE
Principal and Accounting Officer

EXETER COLLEGE
Consolidated Statement of Cash Flows
For the year ended 31 July 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Cash flow from operating activities					
Surplus/(Deficit) for the year		(1,192)	(1,243)	(3,015)	(3,086)
Adjustment for non-cash items					
Depreciation		3,850	3,833	3,596	3,580
(Increase)/decrease in debtors		(427)	(263)	(437)	(351)
Increase/(decrease) in creditors due within one year		1	(92)	1,842	1,807
Increase/(decrease) in creditors due after one year		(12)	-	(10)	-
Increase/(decrease) in provisions		(136)	(136)	(181)	(181)
Pensions costs less contributions payable		1,631	1,631	3,904	3,904
Adjustment for investing or financing activities					
Investment income		(26)	(26)	(3)	(3)
Interest payable		361	361	370	370
Loss on sale of fixed assets		20	20	(1)	(1)
Net cash flow from operating activities		4,070	4,085	6,065	6,039
Cash flows from investing activities					
Investment income		26	26	3	3
Payments made to acquire fixed assets		(5,048)	(5,043)	(3,606)	(3,598)
Receipt of Capital Grant		1,696	1,696	200	200
Proceeds from sale of fixed assets		20	20	1	1
		(3,306)	(3,301)	(3,402)	(3,394)
Cash flows from financing activities					
Interest paid		(361)	(361)	(370)	(370)
Repayments of amounts borrowed		(935)	(935)	(882)	(882)
		(1,296)	(1,296)	(1,252)	(1,252)
(Decrease)/increase in cash and cash equivalents		(532)	(512)	1,411	1,393
Cash and cash equivalents at beginning of the year	20	9,804	9,724	8,393	8,331
Cash and cash equivalents at end of the year	20	9,272	9,212	9,804	9,724

Analysis of changes in net (debt)/funds

	At 1 August 2022	Cash Flows	Other Changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash in hand, at bank	9,804	(532)		9,272
Debt due within one year	(988)	935	(869)	(922)
Debt due after one year	(7,909)		869	(7,040)
Current asset investments	-			
Total	907	403	-	1,310

EXETER COLLEGE

Notes to the Financial Statements

For the year ended 31 July 2023

1 Accounting policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the college and one of its subsidiaries (Exeter College Services Limited), as detailed in Note 13. Intra-group sales and profits are eliminated fully on consolidation. Exeter College Apprentices is not consolidated on the basis that it is immaterial to the financial statements. All financial statements are made up to 31 July 2023.

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 £8m of loans outstanding with bankers on terms negotiated since 2005 and cash reserves at year end of £9.3m. 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.

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 2023

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 25, 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 2023

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 2023. They are not depreciated until they are brought into use.

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

Subsequent expenditure on existing fixed assets

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

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

Equipment

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

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

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

Investments

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

Leased assets

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

Maintenance of premises

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

Financial liabilities and equity

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

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

Debt and Borrowings

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

EXETER COLLEGE
Notes to the Financial Statements (continued)

For the year ended 31 July 2023

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 2023

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 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

For 2022/23 the pension plan asset has not been recognised, as the surplus is not considered recoverable through reduced contributions in the future or through refunds from the plan.

2 Funding body grants

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – adult education budget	1,091	1,091	780	780
Education and Skills Funding Agency – 16 -18	34,702	34,702	30,807	30,807
Local authority funded – 16-18	975	975	803	803
Education and Skills Funding Agency – apprenticeships	7,153	7,153	6,671	6,671
Office for students	246	246	229	229
Specific grants				
Teacher Pension Scheme contribution grant	1,281	1,281	1,067	1,067
Releases of capital grants	1,328	1,317	1,239	1,228
Total	46,776	46,765	41,596	41,585

3 Tuition fees and education contracts

	2023	2022
Group and College	£'000	£'000
Adult education fees	1,063	1,071
Apprenticeship employer fees and contracts	72	68
Fees for FE and HE loan supported courses	1,369	1,650
International students' fees	91	324
Total tuition fees	2,595	3,113
Education contracts	7	4
Total	2,602	3,117

EXETER COLLEGE**Notes to the Financial Statements (continued)****For the year ended 31 July 2023**

3a OFS Income	2023	2022
	£'000	£'000
Grant income from the Office for Students	246	229
Fee income for taught awards	1,391	1,675
Total	1,637	1,904

4 Other grants and contracts

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Coronavirus Job Retention Scheme grant	-	-	1	1
Other grant income	1,133	1,124	114	109
Total	1,133	1,124	115	110

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

5 Other income

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	1,039	1,039	906	906
Other income generating activities	2,980	3,137	2,854	3,070
Exam fees	11	11	18	18
Rent receivable	216	216	170	170
Day nursery income	816	-	788	-
Hairdressing	26	26	16	16
Total	5,088	4,429	4,752	4,180

6 Investment income

	Group and College	Group	College
	2023	2022	2022
	£'000	£'000	£'000
Other interest receivable	26	3	3

EXETER COLLEGE
Notes to the Financial Statements (continued)

For the year ended 31 July 2023

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	2023	2023	2022	2022
	Headcount	FTE	Headcount	FTE
	No.	No.	No.	No.
Teaching staff	1,109	669	1,054	594
Non-teaching staff	187	152	171	161
	1,296	821	1,225	755

College	2023	2023	2022	2022
	Headcount	FTE	Headcount	FTE
	No.	No.	No.	No.
Teaching staff	1,109	669	1,054	594
Non-teaching staff	152	122	142	134
	1,261	791	1,196	728

Staff costs for the above persons	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Wages and salaries	27,951	27,343	25,035	24,528
Social security costs	2,601	2,556	2,293	2,261
Other pension costs	6,672	6,654	8,117	8,062
Payroll sub total	37,224	36,553	35,445	34,851
Restructuring costs – Contractual	35	35	33	33
Total Staff costs	37,259	36,588	35,478	34,884

Restructuring Costs

The college/college group paid 3 severance payments in the year, disclosed in the following bands:

0 - £25,000	3
£25,001 - £50,000	-
£50,001 - £100,000	-
£100,001 - £150,000	-
£150,001 +	-
	3

Included in staff restructuring costs are special severance payments totalling £35,013 (2022 £32,507). Individually, the payments were: £23,500, £1,803, and £9,710.

EXETER COLLEGE**Notes to the Financial Statements (continued)****For the year ended 31 July 2023****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 those reporting directly to the Principal.

Following the departure of the Chief Financial Officer in November 2022, the Principal has taken the opportunity to reorganise the portfolios of responsibilities of the Senior team. This has resulted in some changes in line management, hence the number of people reporting directly to the Principal and meeting the key management personnel definition has increased.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	8	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	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 to £70,000 p.a.	-	-	10	3
£70,001 to £80,000 p.a.	-	-	5	6
£80,001 to £90,000 p.a.	-	-	2	-
£90,001 to £100,000 p.a.	-	-	-	-
£100,001 to £110,000 p.a.	-	2	-	-
£110,001 to £120,000 p.a.	1	-	-	-
£120,001 to £130,000 p.a.	1	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.	-	-	-	-
£180,001 to £190,000 p.a.	1	1	-	-
	3	4	17	9

EXETER COLLEGE
Notes to the Financial Statements (continued)

For the year ended 31 July 2023

Key management personnel compensation is made up as follows:

	2023	2022
	£'000	£'000
Basic salary	685	551
Performance related pay and bonus		
Benefits in kind	19	10
Employers National Insurance	91	72
Pension contributions	140	117
	<hr/>	<hr/>
Total key management personnel compensation	935	750
	<hr/>	<hr/>

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:

	2023	2022
	£'000	£'000
Basic salary	184	180
Other including benefits in kind	19	6
Pension contributions	44	43
	<hr/>	<hr/>
	247	229
	<hr/>	<hr/>

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

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

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

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

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

	2023	2022
	£'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	6.7

EXETER COLLEGE
Notes to the Financial Statements (continued)

For the year ended 31 July 2023

9 Other operating expenses

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	5,514	5,614	4,553	4,523
Non-teaching costs	5,566	5,552	4,804	4,948
Premises costs	3,896	3,870	3,105	3,084
Total	14,976	15,036	12,462	12,555

Other operating expenses include:	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	46	43
Other services provided by the financial statements auditor	1	2
Internal audit fees**	12	13
Losses on disposal of non-current assets	(3)	(1)
Depreciation	3,850	3,596
Hire of assets under operating leases	179	112

* includes £39,920 in respect of the College (2022: £35,880)

** includes £12,470 in respect of the College (2022: £12,798)

9a. Access and participation spending

	2023	2022
	£'000	£'000
Access Investment	20	20
Financial support to students	15	7
Disability support*	22	21
Research and evaluation	4	9
Total	61	57

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

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

10 Write offs, losses, guarantees, letters of comfort, compensation

The total value of debts written off during the year was £41,163.

In line with the previous two financial years, the college intends to issue a letter of comfort to its trading subsidiary, confirming that it will not seek repayment of inter-company debt until the subsidiary has sufficient cash to do so. This letter is effective for a period of 12 months and restricted to a maximum value of the net current liabilities of the subsidiary as at 31st July 2023.

11 Interest and other finance costs – Group and College

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	361	370
	<hr/>	<hr/>
	361	370
Net interest on defined pension liability (note 25)	374	693
	<hr/>	<hr/>
Total	735	1,063
	<hr/>	<hr/>

12 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.

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

13 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 2022	96,238	10,220	673	107,131
Additions	2,491	2,010	547	5,048
Disposals	(350)	(195)	(23)	(568)
Transfers	63	97	(160)	-
At 31 July 2023	98,442	12,132	1,037	111,611
Depreciation				
At 1 August 2022	35,438	6,186	-	41,624
Charge for the year	2,206	1,644	-	3,850
Disposals	(7)	(178)	-	(185)
At 31 July 2023	37,637	7,652	-	45,289
Net book value at 31 July 2023	60,805	4,480	1,037	66,322
Net book value at 31 July 2022	60,800	4,034	673	65,507

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

13 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 2022	96,238	10,141	672	107,051
Additions	2,491	2,005	547	5,043
Disposals	(350)	(195)	(23)	(568)
Transfers	63	97	(160)	-
At 31 July 2023	98,442	12,048	1,036	111,526
Depreciation				
At 1 August 2022	35,438	6,143	-	41,581
Charge for the year	2,206	1,627	-	3,833
Elimination in respect of disposals	(7)	(178)	-	(185)
At 31 July 2023	37,637	7,592	-	45,229
Net book value at 31 July 2023	60,805	4,456	1,036	66,297
Net book value at 31 July 2022	60,800	3,998	672	65,470

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.

14 Non-current investments (continued)

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

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023
15 Trade and other receivables

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	436	400	389	345
Prepayments and accrued income	2,245	2,116	1,522	1,514
Amounts owed from subsidiary undertakings	-	78	-	129
Total	2,681	2,594	1,911	1,988

16 Creditors: amounts falling due within one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	922	922	988	988
Payments received in advance	2,369	2,304	551	491
Trade payables	2,777	2,764	2,364	2,358
Other taxation and social security	690	679	651	644
Deferred Income	1,404	1,394	1,336	1,325
Accruals	1,158	1,059	1,512	1,481
Deferred income - government capital grants	1,330	1,330	1,250	1,250
Amounts owed to the ESFA	-	-	186	186
Amounts owed to subsidiary undertakings	-	6	-	16
Total	10,650	10,458	8,838	8,739

17 Creditors: amounts falling due after one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Bank loans	7,040	7,040	7,909	7,909
Capital grant liability	56	-	68	-
Deferred income - government capital grants	18,220	18,220	18,474	18,474
Total	25,316	25,260	26,451	26,383

EXETER COLLEGE**Notes to the Financial Statements (continued)****For the year ended 31 July 2023****18 Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	Group and College	
	2023	2022
	£'000	£'000
In one year or less	922	988
Between one and two years	947	982
Between two and five years	2,244	2,839
In five years or more	3,850	4,088
Total	7,963	8,897

The College currently has five bank loans:

- The first loan (capital outstanding at 31 July 2023: £1,801k) 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 2023: £1,063k) is repayable over 16 years from July 2011, in 56 quarterly instalments following a 2 year initial capital repayment holiday. The Interest rate has been fixed at 4.0375% per annum.
- The third loan (capital outstanding at 31 July 2023: £271k) 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 2023 was £2,087k.
- 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 2023 was £2,741k.

EXETER COLLEGE
Notes to the Financial Statements (continued)

For the year ended 31 July 2023

19 Provisions for liabilities and charges

	Group and College		
	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2022	10,874	961	11,835
Contributions/Expenditure in the period	1,631	(63)	1,568
Indexation/interest	-	-	-
Current service cost	-	-	-
Actuarial valuation loss/(gain)	(12,505)	(73)	(12,578)
At 31 July 23	-	825	825

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 25.

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:

	2023	2022
Discount rate	5.15%	3.40%
Price inflation	2.80%	2.75%

20 Cash and cash equivalents

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents – Group	9,804	(532)	-	9,272
Cash and cash equivalents - College	9,724	(512)	-	9,212

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

21 Capital and other commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	1,350	1,200

22 Lease obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	237	281
Later than one year and not later than five years	459	719
Later than five years	-	-
	<u>696</u>	<u>1,000</u>
Other		
Not later than one year	15	5
Later than one year and not later than five years	11	6
Later than five years	-	-
	<u>26</u>	<u>11</u>

23 Contingencies

There are no contingent liabilities.

24 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 2023

25 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	2023	2022
	£000	£000
Teachers' Pension Scheme: contributions paid	4,086	3,760
Local Government Pension Scheme:		
Contributions paid	1,278	1,073
FRS 102 (28) charge	1,257	3,211
Charge to the Statement of Comprehensive Income	2,535	4,284
Enhanced pension charge to Statement of Comprehensive Income	-	19
Total Pension Cost for Year within staff costs	6,621	8,063

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 2022.

Contributions amounting to £504k (2022: £473k) were payable to the Teachers' Pension scheme and are included in creditors.

Contributions amounting to £156k (2022: £127k) payable to the Local Government Pension scheme are included in creditors.

EXETER COLLEGE

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222.2 billion giving a notional past service deficit of £39.8 billion.

As a result of a recent valuation, new employer contribution rates have been set to increase by 5% (28.68%) of pensionable pay from 1 April 2024 onwards (compared to 23.68% during 2022/23. HMT have agreed to provide additional funding for 2024/25, to support employers that are centrally funded by Departments with the additional costs involved.

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 £5,573,030 (2022: £5,133,786)

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 2023 were £1,783,306, of which employer's contributions totalled £1,278,633 and employees' contributions totalled £504,673. The agreed contribution rates for future years are 17.3% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

25 Defined benefit obligations (continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.80%	3.75%
Future pensions increases	2.80%	2.75%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)	2.80%	2.75%
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 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	21.40	21.70
Females	22.60	22.90
<i>Retiring in 20 years</i>		
Males	22.70	23.00
Females	24.00	24.30

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 2023 £'000	Fair Value at 31 July 2022 £'000
UK Equities	3,401	3,433
Overseas Equities	19,800	18,665
Gilts	-	7,154
Property	3,598	4,127
Infrastructure	3,913	3,051
Other Bonds	9,321	927
Target Return Portfolio	2,611	3,862
Cash	602	290
Alternative Assets	(2)	(10)
Private Equity	-	-
Total fair value of plan assets	43,244	41,499
Actual return on plan assets	1,243	(58)

Notes to the Financial Statements (continued)**For the year ended 31 July 2023****25 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:

	2023	2022
	£'000	£'000
Fair value of plan assets	43,244	41,499
Present value of plan liabilities	(39,208)	(52,373)
Derecognition of Surplus	(4,036)	-
Net pensions (liability)/asset (note 19)	-	(10,874)

For 2022/23 the pension plan asset has not been recognised, as the surplus is not considered recoverable through reduced contributions in the future or through refunds from the plan.

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	(2,535)	(4,284)
Past service cost	-	-
Total	(2,535)	(4,284)
Amounts included in investment income		
Net interest income	(374)	(693)
	(374)	(693)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	(347)	(720)
Experience losses arising on defined benefit obligations	(3,495)	(215)
Changes in assumptions underlying the present value of plan liabilities	20,383	36,264
Enhanced pension (loss)/gain	73	101
Amount recognised in Other Comprehensive Income	16,614	35,430

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

25 Defined benefit obligations (continued)

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

	2023	2022
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(10,874)	(42,299)
Movement in year:		
Current service cost	(2,535)	(4,284)
Employer contributions	1,278	1,073
Past service cost	-	-
Net interest on the defined (liability)/asset	(374)	(693)
Derecognition of Surplus	(4,036)	-
Actuarial gain or loss	16,541	35,329
Net defined benefit (liability)/asset at 31 July (note 18)	-	(10,874)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	52,373	83,464
Current service cost	2,535	4,248
Interest cost	1,771	1,331
Contributions by Scheme participants	505	435
Experience gains and losses on defined benefit obligations	3,495	215
Changes in financial assumptions	(18,804)	(32,187)
Changes in demographic assumptions	(1,579)	(4,077)
Estimated benefits paid	(1,088)	(1,092)
Past Service cost	-	36
Defined benefit obligations at end of period	39,208	52,373

EXETER COLLEGE
Notes to the Financial Statements (continued)
For the year ended 31 July 2023

25 Defined benefit obligations (continued)

	2023	2022
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	41,499	41,165
Interest on plan assets	1,423	662
Return on plan assets	(180)	(720)
Other actuarial loss	(167)	-
Administration expenses	(26)	(24)
Employer contributions	1,278	1,073
Contributions by Scheme participants	505	435
Estimated benefits paid	(1,088)	(1,092)
Fair value of plan assets at end of period	43,244	41,499

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 July 2023.

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

26 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 £168,979. The balance outstanding as at 31 July 2023 was £284,920 (2021/22 - £309,928). There is currently a provision of £206,875 against this debt in the College's financial records.

27 Amounts disbursed as agent - Learner support funds

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

During the year a total of £1,388k (2022: £1,284k) was received by the ESFA as Bursary payments and subsequently distributed back to students. At the end of July 2023 there was a remaining balance of £116k (2022: £266k) which is shown under creditors.