



# Annual report and consolidated financial statements

For the period 1 September 2020 to 31 August 2021

# Exeter Royal Academy for Deaf Education

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# **Exeter Royal Academy for Deaf Education**

## **Reference and Administrative Details**

### **Trustees (Directors)**

Mr A Alexander

Mr P Burroughs (resigned 31 October 2020)

Mr T Collyer, Honorary Treasurer

Mr R Davey

Mr J Dewhirst

Mr C Hampton II

Dr J Harvey, Vice Chair

Dame A Pedder OBE, Chair

Mr D Robertson (appointed 5 November 2020)

Mr R Spencer (appointed 5 November 2020)

### **Company Secretary**

Ms S Papworth (resigned 29 October 2020)

Ms C Quick (appointed 29 October 2020)

### **Key Management Personnel**

Mr S Dewing, Principal

Ms S Papworth, Director of Finance & Resources (resigned 31 October 2020)

Ms C Quick, Director of Finance & Resources (appointed 1 November 2020)

### **Principal and Registered Office**

The Deaf Academy

1 Douglas Avenue

Exmouth

EX8 2AU

### **Company Registration Number**

06585703

# **Exeter Royal Academy for Deaf Education**

## **Reference and Administrative Details**

### **Independent Auditors**

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

### **Bankers**

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

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Charity, Exeter Royal Academy for Deaf Education, operates a non-maintained, residential special school and an independent specialist college for students aged 5 to 25 years (the Deaf Academy). Students are placed at the Deaf Academy by local authorities in England, Scotland and Wales. The Charity also operates a Children's Home for deaf young people (Rolle House).

### **Structure, governance and management**

#### ***Constitution***

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

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

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

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

#### ***Members' liability***

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

#### ***Trustees and Governing Body***

The Charity has a Board of Trustees which meets at least four times a year. Whilst governance of the Academy is delegated to a Governing Body which meets at least six times a year, the Trustees remain responsible for the Governance of the Charity as a whole.

#### ***Method of recruitment and appointment or election of Trustees***

The Board of Trustees reviews regularly the composition of itself, the Governing Body, and its various subcommittees. The Trustees look at the blend of experience and skills of all Governors and Trustees to ensure that these meet the needs of the Charity. Where vacancies arise, a formal recruitment process is undertaken. This involves advertising both locally and nationally as well as more informal approaches to individuals who have the relevant skills and experience. Selection is made after a rigorous process including visits to the Charity, where possible within Covid-19 restrictions, and interviews by senior staff as well as Trustees and Governors. Induction is provided to all Trustees and Governors and a programme is organised by the Clerk to the Board of Trustees and Governing Body. Governors are expected to visit the School and College regularly.

The Trustees and Governors undertake skill audits and self-evaluations on a regular basis. This enables the Charity to provide training and development to enhance their understanding and knowledge of the Charity to ensure all Trustees and Governors are able to satisfy themselves of their own performance.

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

### ***Organisational structure***

The revised senior management arrangements implemented from September 2020 established a more streamlined management structure for all elements of the Charity's operations under the leadership of the Principal. Key roles within the Senior Leadership Team have been appointed to during the year with the notable appointment of a new Director of Finance and Resources. In addition, the roles of Assistant Principal Education (Teaching & Learning), Assistant Principal Education (Student Support) and Assistant Principal Care & Safeguarding were appointed. Details of the key management team members within the Academy are shown on page 1.

The Trustees are responsible for determining and reviewing the pay and remuneration for these staff and use benchmark information from both the education and charity sectors to do this.

### ***Risk management***

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

- Formal agendas for all Trustees, Governing Body and sub-committee meetings
- Detailed terms of reference for all committee meetings
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Stringent safeguarding arrangements to protect the beneficiaries of the Charity
- Monitoring of key performance indicators

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

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

- Safeguarding of students – intensive staff training, safeguarding systems are periodically reviewed, a dedicated Safeguarding team has been established.
- Adverse inspection by regulators, including Ofsted – regular and close scrutiny of all aspects of performance by sub-committees of the Board of Trustees, the Academy Governing Body and Rolle House Management Committee. Ongoing review by external independent advisors, commissioned by the organisation.
- Financial Risk – The Charity undertakes regular financial reporting and planning, including the preparation of a long term financial plan and detailed cashflow. Financial reports are reviewed by the Trustees at their meetings, and by the appointed sub-committee. The Trustees set a financial reserves policy to ensure adequate short term liquidity.
- Student Recruitment and retention – low/insufficient recruitment of students – regular monitoring of enquiries and admissions through the Admissions Group, together with regular scrutiny of the Marketing & Communication Quality Improvement Plan at committee level. The Finance and Resources sub Committee oversees performance on behalf of the Governing Body and Trustees.
- Impact of the Covid-19 pandemic - Arrangements for remote learning and homeworking are well established. Academy has suitably qualified and experienced staff and access to appropriate external sources for advice and guidance. Regular reports are provided to the Governing Body and Board of Trustees.

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

- Recruiting suitably qualified/experienced staff – Staff vacancies are routinely reviewed by the Senior Leadership Team and enhancing workforce development approaches. Key oversight is provided by the Finance and Resources sub committee and regularly reported to the Governing Body and Board of Trustees

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

### **Objectives and activities**

#### ***Objects and aims***

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

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

#### ***Objectives, strategies and activities***

Students are the primary beneficiaries of the Academy's work. The Academy enables students to learn with other deaf students, within a fully bilingual environment, supporting students to learn in both BSL (British Sign Language) and English depending on their level of needs and abilities. This allows students to acquire language and communication skills, and to develop socially and emotionally. In turn, this supports the students to excel educationally and to achieve independence. The families of the Academy's deaf students also benefit from the support given to them and from the greater wellbeing and achievement of their child. The School and College operates a Student Council which enables students to contribute to the decision making within the Academy. Open days are held for parents and carers, all parents and carers are also invited to the annual review of the education and care provided for their child. Parents and carers also receive newsletters and can communicate with their child and their teachers and care workers through the video conferencing system. The Charity also operates a children's home for deaf young people.

#### ***Public benefit***

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

The Charity provides specialist deaf education which benefits the students who attend the Academy's School & College. Admission to the School & College is open to any student for whom the specialist education has been professionally assessed as appropriate to meet their needs. Fees are charged to allow costs to be recovered, these are usually funded by local authorities and the Education and Skills Funding Agency. Local Authorities benefit as the Charity enables them to meet their statutory responsibilities to educate children with hearing impairment.

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

The wider community benefits because many of the Academy's students participate in work-placements and other events in the community, raising awareness of deafness.

The Charity is committed to the greater integration of deaf and hearing communities and seeks to raise awareness of deafness and promote the capabilities of deaf people through publicity, partnership working, fundraising and similar activities.

### ***Equality and Diversity***

Respecting diversity is one of the Charity's key values and we are committed to being an inclusive organisation where diversity is celebrated and valued.

The Charity strives to create a culture where mutual cooperation, respect, dignity and trust are fostered. The Charity will not tolerate unfair or unlawful treatment on the grounds of age, disability, gender, transgender, marital status, race, colour, ethnic origin, socioeconomic background, sexual orientation, nationality, trade union membership and activity, philosophical, political or religious beliefs or unbelief, and pregnancy or maternity.

The Charity's Equality & Diversity Policy articulates this commitment and ensures that all staff, students and volunteers are treated fairly and have equal access to learning programmes, facilities and employment opportunities.

## **Strategic Report**

### **Achievements and performance**

#### ***Operational performance***

Welcoming our students to the new Academy in Exmouth marked a key achievement of the Charity's strategic objective that had been the focus of the work of the Trustees for many years. Our new purpose-built Academy designed with the help of specialists experienced in creating Deaf friendly spaces has been a triumph. Our education facilities and residential care accommodation are excellent and provide a splendid environment within which our students and staff can flourish. It has been a delight to see how much our students appreciate the facilities they have and the benefit this has created for them in so many ways.

Despite the continuing pressures created by COVID 19, excellent progress has been made in year. Through an aspirational commitment to give students their full entitlement of face to face teaching, good planning and implementation of COVID secure measures, there was very little disruption to face to face "in person teaching". With very few lessons cancelled and only one period where groups were moved online, albeit having staff shortages and outbreaks. This is a tribute to the hard work and ingenuity of our staff and leadership team to whom the Trustees are very grateful.

Due to the pandemic Ofsted did not conduct routine inspections or monitoring visits for the education and care services provided by the Academy during 2020/2021. An interim visit took place for College in November 2020 to assess the Academy's response to the pandemic and ensuring student entitlement. Although not graded, this was a positive report. Inspections re-commenced in September 2021.

A full Inspection of the Children's Home (Rolle House) took place in October 2021. This was the first inspection of the provision in the new premises and was graded as requires improvement to be good. The Children's Home has had a challenging year and the leadership team have in place a robust plan and measures to be on track to return to good. Residential Care was inspected in September 2021 and continued to be graded as Good in all areas.

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

For the Academic year 2020/2021 a new curriculum structure was introduced, based on our core principles of Rich Language Acquisition, Empowering Knowledge of Skills, Collaborative Approach, Strong Identity, Aspiration and Independence. This included the introduction of a broader curriculum with a greater linkage to national curriculum frameworks applied through deaf education/SEN (Special Education Needs) pedagogic approaches. This was also accompanied by a new programme structure, in class support and leadership and management arrangements. This is a significant task and implementation continues with further subject level development into 2021/2022 and a wider evaluation against the core principles.

Student achievement and performance improved significantly in 2020/2021. The Academy's focus on literacy can be seen to be delivering the anticipated benefit to overall student performance. Our student's results in 2020/2021 in core areas (English, Maths & BSL) are the best results achieved for over 5 years.

The number of students enrolled at the Academy during the year exceeded planned numbers and there has been a significant increase in the number of applications, assessments and placement of students in 2021/2022.

In April 2020, the Academy implemented a ground-breaking online learning programme that met the varied, and complex needs of every student. We made sure to consider their language acquisition, additional needs, including visual impairments and autism, along with the heightened levels of anxiety due to the pandemic. Our Online Academy was a platform that offered community, connection and learning. The Academy won a number of awards for the Online Academy and for the support provided to our students and the wider deaf community during the pandemic. Two of our teachers won the Gold award at the Pearson National Teaching Awards for 'Lockdown Hero'. The Academy was shortlisted for TES FE Awards 2021 for 'Outstanding use of technology in delivering remote teaching and learning' and won the NASS 2021 Innovation Award.

The Academy also won several awards for our new premises and facilities at Exmouth. We won 3 awards at the Education Estates Awards 2021, including 'Inclusive Learning Spaces for All Award'. More recently the Academy won the 'Acoustics for Inclusion' award at the Association of Noise Consultants.

The Trustees have great confidence in the service improvement that has been achieved and the programme of further development that is in place. Led by the ambitious and passionate leadership team and supported by committed staff the Charity's improvement trajectory continues. The Academy's reputation as a place of excellence in education and care for deaf young people is growing and is gaining national prominence for the quality and innovation of the education and care it offers.

The Trustees are very grateful to the many organisations and individuals who generously contributed funds which made the completion of our new Academy possible and who continue to support us. The Trustees were particularly grateful for a generous legacy received in the year towards the new Academy. We would also like to thank the community of Exmouth for welcoming us and for the encouragement and support they provide to our student community.

An important element we are addressing is the changing profile of our students as increasing numbers face the challenges of additional, often multiple additional needs as well as being Deaf. These can range from Complex needs, Autism, Learning Difficulties, Social Emotional Mental Health Needs to physical or medical needs. The Charity, through the Academy and Children's Home, is developing new ways of teaching, supporting and caring to support these young people while developing our workforce and forging new partnerships with specialist providers. We are at the beginning of a new chapter in our Charity's history, focussed on our aspiration to enable deaf young people to excel and achieve their full potential.

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

Our particular thanks and appreciation go to our Senior Leadership Team, our education, care and support colleagues for the hard work, dedication and resilience they have demonstrated during this our second unprecedented year. Finally, our thanks also go to our students, they are a source of inspiration and pride. Life during the pandemic has been challenging for everyone in our society, our students have coped remarkably well and are a tribute to their parents, carers and the staff at the Academy who support them.

### ***Going concern***

At the date of approval of the accounts the Charity has an adequate level of cash reserves. Throughout the third national Covid 19 lockdown the Academy was able to offer full entitlement to students and all elements of our service remained open. Fee income is strong, student numbers have increased and applications for admission to the school and college rolls are growing. The new facilities in Exmouth enable us to confidently plan for future growth. The Trustees have reviewed the cash forecasts and commitments and are satisfied there are adequate financing arrangements in place. The £1.4m loan, shown as a current liability at the Balance Sheet date, has been refinanced since the financial year end with a two-year term. Taking all these factors into consideration the Trustees consider that the Charity should continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### ***Financial review***

The Group's freely available reserves are calculated at £196k at the balance sheet date. Restricted funds held for the new build project were released during 2020/2021 to general reserves upon completion of the new build project and restrictions fulfilled. The freely available reserves are made up of the unrestricted current assets, including investments, less unrestricted current liabilities. The £1.4m loan, shown as current liabilities at the Balance Sheet date, has not been deducted in this calculation, as this has been re-financed since the year end.

The Group's total reserves have increased by £22k during the year ended 31 August 2021. This results from the operating surplus of £215k, the gains on investments of £10k and the negative adjustment of £203k in respect of the increased Financial Reporting Standard (FRS) 102 Local Government Pension Scheme liability. The Charity has a significant annual depreciation charge, £581k in 2020/2021, due to the new purpose built Academy and its facilities.

### ***Reserves policy***

The Trustees have reviewed the Charity's needs for reserves in line with the guidance issued by the Charity Commission. The current level of reserves is considered essential to manage any future changes in special educational needs policy reform and deficits in Local Authorities high needs funding and the impact of the Covid-19 pandemic. A significant proportion of the reserves relates to gains on fixed asset disposals of the Topsham Road and Hill Barton sites which have been reinvested in the new Exmouth site. Following completion of the new build, the intention, is to aim for liquid reserve levels equivalent to six months' running costs, as this is generally considered to be good practice, providing stability and security to the Charity without being at an excessive level.

The Trustees are also mindful of the Charity's long term liability in respect of its share of the deficit on the Local Government Pension Scheme, which is a defined benefit scheme. At the balance sheet date, this totalled £9.752m as calculated under FRS 102. Although no immediate cash-flow implications arise from this, the Trustees are aware that increases in contribution rates may be required as a result of the deficit and that this may impact adversely on operating costs in the future.

# **Exeter Royal Academy for Deaf Education**

## **Trustees' Report for the Year Ended 31 August 2021**

Reserves are held within unrestricted funds containing investments of £62k and bank deposit funds of £786k. The balance of unrestricted funds is held in other assets and liabilities, which includes a revenue account deficit resulting from the full adoption of FRS 102. From 2007-08 onwards, the Local Government Pension Scheme actuaries have treated the Charity as a single employer and therefore full provision of the pension deficit is required, this equates to £9.752m and is as shown on the face of the balance sheet; the Charity's reserves are reduced accordingly. Investments are split between Fixed Interest and Equity Shares and held within Common Investment Funds.

### ***Investment policy***

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

### ***Investment performance***

The investments are held within Common Investment Funds and are divided between Fixed Interest and Equity shares. The market value of investments at the balance sheet date was £62k. These funds have produced an income of £3k for the reporting period.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees on 27 January 2022 and was signed on its behalf by:

Dame A Pedder OBE

Chair

# **Exeter Royal Academy for Deaf Education**

## **Statement of Trustees' Responsibilities**

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the applicable law and regulations.

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

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

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

In so far as the trustees are aware:

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

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

# **Exeter Royal Academy for Deaf Education**

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

### **Opinion**

We have audited the financial statements of Exeter Royal Academy for Deaf Education (the 'Charity') and its subsidiaries (the 'Group') for the year ended 31 August 2021, which comprise the Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and the Charity as at 31 August 2021 and of the Group's net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' 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's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

### **Other information**

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

# **Exeter Royal Academy for Deaf Education**

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

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the Group and the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

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

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

## **Exeter Royal Academy for Deaf Education**

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

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:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the group and the industry/ sector in which it operates to identify the key laws and regulations affecting the entity. As part of this assessment process we held discussions with management.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily FRS 102 (effective 1 January 2019) - (Charities SORP), the Companies Act 2006 and the Charities Act 2011.

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 group's ability to operate or to avoid a material penalty.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place.

We also identified the individuals who have responsibility for ensuring that the group complies with laws and regulations and deals with reporting any issues if they arise.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the group's ability to continue trading and the risk of material misstatement to the accounts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- A review of legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.;
- A review of Board minutes.

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud and were told there were none.

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risks we identified were the manipulation of the financial statements (including the risk of override of controls) and we determined that the principal risks were related to fraudulent financial reporting, in particular to fraud in revenue recognition and grant funding received.

In response to the identified risk, as part of our audit work we:

- Used data analytics to test journal entries throughout the year, for appropriateness;
- Reviewed grant funding agreements;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

## **Exeter Royal Academy for Deaf Education**

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

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. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

#### **Use of our report**

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

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

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

Date: 18 February 2022

## Exeter Royal Academy for Deaf Education

### Consolidated Statement of Financial Activities for the Year Ended 31 August 2021 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2021 £
<b>Income from:</b>				
Donations and grants	2	411,895	108,176	520,071
<i>Charitable activities:</i>				
School fees		4,049,310	-	4,049,310
Professional fees		770,035	-	770,035
New Build Fundraising Campaign		-	50,000	50,000
Other trading activities	3	41,674	-	41,674
Investments	4	2,681	-	2,681
Other income	5	25,771	-	25,771
Total		5,301,366	158,176	5,459,542
<b>Expenditure on:</b>				
<i>Charitable activities:</i>				
Academy & Children's Home operations		5,194,537	40,499	5,235,036
Redevelopment expenditure		3,326	-	3,326
<i>Raising Funds:</i>				
New Build Fundraising Campaign		-	6,091	6,091
Total	6	5,197,863	46,590	5,244,453
Net income/(expenditure)		103,503	111,586	215,089
Transfer between funds		2,780,270	(2,780,270)	-
<b>Other recognised gains and losses</b>				
Gains/(losses) on investment assets		9,692	-	9,692
Actuarial (losses)/gains on defined benefit pension schemes	23	(203,000)	-	(203,000)
Net movement in funds/(deficit)		2,690,465	(2,668,684)	21,781
<b>Reconciliation of funds</b>				
Total Funds brought forward at 1 September 2020		3,326,546	2,761,507	6,088,053
Total Funds carried forward at 31 August 2021		6,017,011	92,823	6,109,834

## Exeter Royal Academy for Deaf Education

### Consolidated Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £
<b>Income from:</b>				
Donations and grants	2	111,882	18,137	130,019
<i>Charitable activities:</i>				
School fees		3,587,626	-	3,587,626
Professional fees		436,586	-	436,586
New Build Fundraising Campaign		-	901,778	901,778
Other trading activities	3	36,258	-	36,258
Investments	4	8,611	-	8,611
Other income	5	19,760	-	19,760
Total		4,200,723	919,915	5,120,638
<b>Expenditure on:</b>				
<i>Charitable activities:</i>				
Academy & Children's Home operations		4,606,936	22,140	4,629,076
Redevelopment expenditure		81,990	-	81,990
<i>Raising Funds:</i>				
New Build Fundraising Campaign		175,408	14,265	189,673
Total	6	4,864,334	36,405	4,900,739
Net income/(expenditure)		(663,611)	883,510	219,899
<b>Other recognised gains and losses</b>				
(Losses)/gains on investment assets		(18,140)	-	(18,140)
Actuarial (losses)/gains on defined benefit pension schemes	23	(640,000)	-	(640,000)
Impairment of tangible fixed assets		238,718	-	238,718
Net movement in (deficit)/funds		(1,083,033)	883,510	(199,523)
<b>Reconciliation of funds</b>				
Total Funds brought forward at 1 September 2019		4,409,579	1,877,997	6,287,576
Total Funds carried forward at 31 August 2020		3,326,546	2,761,507	6,088,053

# Exeter Royal Academy for Deaf Education

(Registration number: 06585703)

Consolidated Balance Sheet as at 31 August 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	10	17,564,512	17,601,095
Investments	11	61,954	52,262
		<u>17,626,466</u>	<u>17,653,357</u>
<b>Current assets</b>			
Debtors	12	225,500	439,973
Cash at bank and in hand		785,943	870,144
		<u>1,011,443</u>	<u>1,310,117</u>
Creditors: Amounts falling due within one year	13	(2,263,786)	(1,650,399)
Net current assets/(liabilities)		<u>(1,252,343)</u>	<u>(340,282)</u>
Total assets less current liabilities		16,374,123	17,313,075
Creditors: Amounts falling due after more than one year	14	(512,289)	(1,917,022)
Net assets excluding pension liability		15,861,834	15,396,053
Pension scheme liability	23	(9,752,000)	(9,308,000)
Net assets including pension liability		<u>6,109,834</u>	<u>6,088,053</u>
<b>Funds:</b>			
<b>Restricted funds</b>			
New Build Fundraising Campaign		6,090	2,742,451
Other restricted funds		86,733	19,056
	15	<u>92,823</u>	<u>2,761,507</u>
<b>Unrestricted funds</b>			
Revaluation fund		91,508	82,438
Other unrestricted funds		5,925,503	3,244,108
	15	<u>6,017,011</u>	<u>3,326,546</u>
Total funds		<u>6,109,834</u>	<u>6,088,053</u>

The financial statements on pages 15 to 42 were approved by the Trustees, and authorised for issue on 27 January 2022 and signed on their behalf by:

Mr T Collyer  
Trustee

# Exeter Royal Academy for Deaf Education

(Registration number: 06585703)

Balance Sheet as at 31 August 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	10	17,564,512	16,447,952
Investments	11	61,954	52,262
		<u>17,626,466</u>	<u>16,500,214</u>
<b>Current assets</b>			
Debtors	12	479,527	1,546,694
Cash at bank and in hand		784,537	830,002
		<u>1,264,064</u>	<u>2,376,696</u>
Creditors: Amounts falling due within one year	13	(2,246,697)	(1,325,849)
Net current assets / (liabilities)		<u>(982,633)</u>	<u>1,050,847</u>
Total assets less current liabilities		16,643,833	17,551,061
Creditors: Amounts falling due after more than one year	14	(512,289)	(1,917,022)
Net assets excluding pension liability		16,131,544	15,634,039
Pension scheme liability	23	(9,752,000)	(9,308,000)
Net assets including pension liability		<u>6,379,544</u>	<u>6,326,039</u>
<b>Funds:</b>			
<b>Restricted funds</b>			
New Build Fundraising Campaign		6,090	2,742,451
Other restricted funds		86,733	19,056
		<u>92,823</u>	<u>2,761,507</u>
<b>Unrestricted funds</b>			
Revaluation fund		91,508	82,438
Other unrestricted funds		6,195,213	3,482,094
		<u>6,286,721</u>	<u>3,564,532</u>
Total funds		<u>6,379,544</u>	<u>6,326,039</u>

The financial statements were approved by the Trustees, and authorised for issue on 27 January 2022 and signed on their behalf by:

Mr T Collyer  
Trustee

## Exeter Royal Academy for Deaf Education

### Consolidated Statement of Cash Flows for the Year Ended 31 August 2021

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Net cash flows from operating activities	18	768,455	2,711,737
Net cash flows from investing activities	19	(548,365)	(6,477,746)
Net cash flows from financing activities	20	<u>(304,291)</u>	<u>1,296,069</u>
Decrease in cash in the year	21	<u>(84,201)</u>	<u>(2,469,940)</u>

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021

### 1 Accounting policies

#### Statement of accounting policies

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

#### Basis of preparation

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) – (Charities SORP (FRS 102)), and with the requirements of the Companies Act 2006.

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

The Charity is incorporated in England and Wales. The address of its registered office is given on page 1.

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

The functional and presentational currency is sterling.

#### Basis of consolidation

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

#### Income

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

#### Grants

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

#### Donations

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

#### Other income

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

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 1 Accounting policies (continued)

#### **Expenditure**

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

All resources expended are inclusive of irrecoverable VAT.

#### ***Expenditure on raising funds***

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

#### ***Charitable activities***

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

#### **Tangible fixed assets**

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

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

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

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

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

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 1 Accounting policies (continued)

#### Liabilities

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

#### Provisions

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

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

#### Leased assets

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

#### Investments

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

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

#### Stock

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

#### Financial Instruments

The Charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Charity and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the Charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to Charity's wholly owned subsidiary are held at face value.

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 1 Accounting policies (continued)

#### Taxation

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

#### Pension benefits

Retirement benefits to employees of the Charity are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Charity. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Charity in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit charges, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

#### Fund accounting

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

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

#### Critical accounting estimates and areas of judgement

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

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 1 Accounting policies (continued)

#### ***Critical accounting estimates and assumptions***

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### **Subsidiary undertaking**

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

### 2 Donations and grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Grants	166,780	14,983	181,763	123,870
Donations and sponsorship	12,591	93,193	105,784	5,346
Legacies	232,524	-	232,524	803
	411,895	108,176	520,071	130,019

### 3 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	-	-	-	4,225
Other income	41,674	-	41,674	32,033
	41,674	-	41,674	36,258

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 4 Investment income

	Unrestricted funds £	Total 2021 £	Total 2020 £
Bank interest receivable	133	133	5,124
Other investment income	2,548	2,548	3,487
	<u>2,681</u>	<u>2,681</u>	<u>8,611</u>

### 5 Other income

	Unrestricted funds £	Total 2021 £	Total 2020 £
Pupil Premium Income	7,695	7,695	4,985
Other Educational Fees	18,076	18,076	14,775
	<u>25,771</u>	<u>25,771</u>	<u>19,760</u>

### 6 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2021 £	Total 2020 £
<i>Charitable activities:</i>					
<b>Academy &amp; Children's Home operations</b>					
Direct costs	2,589,915	-	200,048	2,789,963	2,693,962
Allocated support costs	842,423	892,352	710,298	2,445,073	1,935,114
	<u>3,432,338</u>	<u>892,352</u>	<u>910,346</u>	<u>5,235,036</u>	<u>4,629,076</u>

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 6 Expenditure (continued)

	Staff costs £	Premises £	Other costs £	Total 2021 £	Total 2020 £
<b>Redevelopment expenditure</b>					
Allocated support costs	-	3,326	-	3,326	81,990
<b>Raising funds:</b>					
New build fundraising campaign	-	6,091	-	6,091	189,673
	3,432,338	901,769	910,346	5,244,453	4,900,739

### Net income/outgoing resources for the year includes:

	2021 £	2020 £
Fees payable to auditor - audit services	12,588	12,010
Fees payable to auditor - other audit services	3,797	3,640
Fees payable to auditor - other financial services	2,000	7,230
Operating leases	40,066	37,211

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 7 Charitable activities

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Direct costs	2,789,963	2,693,962
Support costs	2,448,399	2,017,104
	<u>5,238,362</u>	<u>4,711,066</u>

	<b>Educational operations £</b>	<b>Re- development expenditure £</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
<b>Analysis of support costs</b>				
Support staff costs	842,423	-	842,423	893,524
Depreciation	581,538	-	581,538	55,912
Premises costs	310,813	-	310,813	319,661
Other support costs	710,299	3,326	713,625	748,007
Total support costs	<u>2,445,073</u>	<u>3,326</u>	<u>2,448,399</u>	<u>2,017,104</u>

### 8 Staff

	<b>2021 £</b>	<b>2020 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	2,740,728	2,902,639
Social security costs	231,296	241,814
Pension costs	460,314	467,018
	<u>3,432,338</u>	<u>3,611,471</u>

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 8 Staff (continued)

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

	2021 No	2020 No
<b>Charitable Activities</b>		
Teachers & Education Support	56	61
Care	32	33
Support, Estates, Fundraising & Marketing	31	30
	<hr/> 119	<hr/> 124

### Higher paid staff

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

	2021 No	2020 No
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£100,001 - £110,000	-	1
	<hr/>	<hr/>

The key management personnel of the Charity are as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Charity was £186,100 (2020 - £404,547).

### 9 Trustees' remuneration and expenses

During the previous year the Charity made payments to a trustee, Peter Burroughs, totalling £9,445 in relation to consultancy services, rather than for his services as a Trustee. This amount was owed to Mr Burroughs at 31 August 2020. There was no such transaction in the year ended 31 August 2021.

As permitted by the Memorandum and Articles of Association, during the year ended 31 August 2021 travel and subsistence expenses totalling £77 (2020 - £1,069) were reimbursed or paid directly to one trustee (2020 - three).

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 10 Tangible fixed assets

#### Group

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2020	148,070	579,064	118,653	17,240,989	18,086,776
Additions	380,300	170,746	-	-	551,046
Disposals	-	-	(6,495)	-	(6,495)
Transfers	16,087,846	1,153,143	-	(17,240,989)	-
At 31 August 2021	16,616,216	1,902,953	112,158	-	18,631,327
<b>Depreciation</b>					
At 1 September 2020	8,900	397,225	79,556	-	485,681
Charge for the year	278,540	299,094	9,995	-	587,629
Eliminated on disposals	-	-	(6,495)	-	(6,495)
At 31 August 2021	287,440	696,319	83,056	-	1,066,815
<b>Net book value</b>					
At 31 August 2021	16,328,776	1,206,634	29,102	-	17,564,512
At 31 August 2020	139,170	181,839	39,097	17,240,989	17,601,095

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 10 Tangible fixed assets (continued)

#### Group (continued)

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2019	176,617	2,627,523	92,847	10,356,822	13,253,809
Additions	-	118,443	45,532	8,348,318	8,512,293
Disposals	(28,547)	(2,166,902)	(19,726)	(1,464,151)	(3,679,326)
At 31 August 2020	148,070	579,064	118,653	17,240,989	18,086,776
<b>Depreciation</b>					
At 1 September 2019	14,770	2,432,369	89,283	-	2,536,422
Charge for the year	890	55,788	9,999	-	66,677
Eliminated on disposals	(6,760)	(2,090,932)	(19,726)	-	(2,117,418)
At 31 August 2020	8,900	397,225	79,556	-	485,681
<b>Net book value</b>					
At 31 August 2020	139,170	181,839	39,097	17,240,989	17,601,095
At 31 August 2019	161,847	195,154	3,564	10,356,822	10,717,387

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 10 Tangible fixed assets (continued)

#### Charity

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2020	148,070	579,064	118,653	16,087,846	16,933,633
Additions	380,300	1,323,889	-	-	1,704,189
Disposals	-	-	(6,495)	-	(6,495)
Transfers	16,087,846	-	-	(16,087,846)	-
At 31 August 2021	16,616,216	1,902,953	112,158	-	18,631,327
<b>Depreciation</b>					
At 1 September 2020	8,900	397,225	79,556	-	485,681
Charge for the year	278,540	299,094	9,995	-	587,629
Eliminated on disposals	-	-	(6,495)	-	(6,495)
At 31 August 2021	287,440	696,319	83,056	-	1,066,815
<b>Net book value</b>					
At 31 August 2021	16,328,776	1,206,634	29,102	-	17,564,512
At 31 August 2020	139,170	181,839	39,097	16,087,846	16,447,952

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 10 Tangible fixed assets (continued)

#### Charity (continued)

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2019	176,617	2,627,523	92,847	10,257,486	13,154,473
Additions	-	118,443	45,532	7,294,511	7,458,486
Disposals	(28,547)	(2,166,902)	(19,726)	(1,464,151)	(3,679,326)
At 31 August 2020	148,070	579,064	118,653	16,087,846	16,933,633
<b>Depreciation</b>					
At 1 September 2019	14,770	2,432,369	89,283	-	2,536,422
Charge for the year	890	55,788	9,999	-	66,677
Eliminated on disposals	(6,760)	(2,090,932)	(19,726)	-	(2,117,418)
At 31 August 2020	8,900	397,225	79,556	-	485,681
<b>Net book value</b>					
At 31 August 2020	139,170	181,839	39,097	16,087,846	16,447,952
At 31 August 2019	161,847	195,154	3,564	10,257,486	10,618,051

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 11 Investments

#### Charity

The Charity owns 100% of the Ordinary shares of Exeter Deaf Academy Trading Limited, a company incorporated in England and Wales (company number: 08172970, registered office: The Deaf Academy, 1 Douglas Avenue, Exmouth, EX8 2AU). The principal activity of the company is the development of a new site for Exeter Royal Academy for Deaf Education.

Turnover for the year ended 31 August 2021 was £1,375,264 (2020 - £6,698,838), expenditure was £1,406,983 (2020 - £6,772,675) and the loss for the year was £31,719 (2020 - £73,837). The assets of the company at 31 August 2021 were £6,302 (2020 - £1,266,706), liabilities were £276,000 (2020 - £1,504,685) and capital and reserves were a deficit of £269,698 (2020 - £237,979).

#### Group and Charity

#### Quoted Investments

	2021	2020
	£	£
Market value brought forward	52,262	270,611
Disposals	-	(206,214)
Revaluation	9,692	(12,135)
Market value carried forward	61,954	52,262
Historical cost	34,912	34,912

### 12 Debtors: amounts due within one year

	2021	Group	2021	Charity
	£	2020	£	2020
		£		£
Trade debtors	44,624	34,280	44,624	34,280
Prepayments	45,719	62,915	45,719	62,915
Amounts due from subsidiary undertaking	-	-	258,923	1,180,141
Other debtors	135,157	342,778	130,261	269,358
	225,500	439,973	479,527	1,546,694

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 13 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Finance lease liabilities	4,592	4,150	4,592	4,150
Trade creditors	548,121	803,762	533,568	615,605
Other taxation and social security	57,232	61,077	57,232	61,077
Other loans	1,400,000	300,000	1,400,000	300,000
Other creditors	37,066	36,229	37,055	36,229
Accruals and deferred income	216,775	445,181	214,250	308,788
	<u>2,263,786</u>	<u>1,650,399</u>	<u>2,246,697</u>	<u>1,325,849</u>

Included within other loans is £1,400,000 (2020: £Nil – shown as amount falling due after more than one year) of loans which are secured by a charge over the Charity's property. This loan was due for repayment in December 2021, and has been re-financed since the year end, for a further two-year term. The new loan is also secured by a charge over the Charity's property.

The movement in deferred income for the year is as follows:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
At 1 September 2020	60,005	52,731	60,005	52,731
Amount deferred in the year	49,559	60,005	49,559	60,005
Amount released from previous years	(60,005)	(52,731)	(60,005)	(52,731)
At 31 August 2021	<u>49,559</u>	<u>60,005</u>	<u>49,559</u>	<u>60,005</u>

### 14 Creditors: amounts falling due after more than one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Finance lease liabilities	12,289	17,022	12,289	17,022
Other loans	500,000	1,900,000	500,000	1,900,000
	<u>512,289</u>	<u>1,917,022</u>	<u>512,289</u>	<u>1,917,022</u>

Included within other loans is £Nil (2020: £1,400,000) of loans which are secured by a charge over the Charity's property.

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 15 Funds

#### Group

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
<b>Restricted funds</b>					
WK Hutchings Family Support	-	11,500	(11,500)	-	-
Andrew Kensit Cup	14,500	-	(1,000)	-	13,500
Audio Visual Equipment	-	13,931	(2,786)	-	11,145
ICT Suite	-	36,400	(7,280)	-	29,120
Residential Flats	-	22,500	(4,500)	-	18,000
School Classroom	-	15,410	(3,082)	-	12,328
Other restricted funds	4,556	8,435	(10,351)	-	2,640
	19,056	108,176	(40,499)	-	86,733
New Build Fundraising Campaign	2,742,451	50,000	(6,091)	(2,780,270)	6,090
Total restricted funds	2,761,507	158,176	(46,590)	(2,780,270)	92,823
<b>Unrestricted funds</b>					
Revaluation fund	82,438	-	-	9,070	91,508
Other unrestricted funds	3,244,108	5,301,366	(5,197,863)	2,577,892	5,925,503
Total unrestricted funds	3,326,546	5,301,366	(5,197,863)	2,586,962	6,017,011
Total funds	6,088,053	5,459,542	(5,244,453)	(193,308)	6,109,834

The restricted funds are set up for the following purposes:

New Build Fundraising Campaign – To support the costs of establishing the new Deaf Academy campus

WK Hutchings Family Support - To enable sign language and support to be delivered to families and to support keeping in touch with students, supporting our Online Academy and transitional support for student leavers.

Andrew Kensit Cup - In memory of student Andrew Kensit, each year a student will be awarded the Cup and a bursary.

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 15 Funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted funds</b>					
WK Hutchings Family Support	-	16,137	(16,137)	-	-
Andrew Kensit Cup	15,000	-	(500)	-	14,500
Other restricted funds	8,059	2,000	(5,503)	-	4,556
	23,059	18,137	(22,140)	-	19,056
New Build Fundraising Campaign	1,854,938	901,778	(14,265)	-	2,742,451
Total restricted funds	1,877,997	919,915	(36,405)	-	2,761,507
<b>Unrestricted funds</b>					
Revaluation fund	148,654	-	-	(66,216)	82,438
Other unrestricted funds	4,260,925	4,200,723	(4,864,334)	(353,206)	3,244,108
Total unrestricted funds	4,409,579	4,200,723	(4,864,334)	(419,422)	3,326,546
Total funds	6,287,576	5,120,638	(4,900,739)	(419,422)	6,088,053

The restricted funds are set up for the following purposes:

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

Andrew Kensit Cup - In memory of student Andrew Kensit, each year a student will be awarded the Andrew Kensit Cup and a bursary.

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

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 16 Analysis of net assets between funds – group

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	17,485,189	79,323	17,564,512
Investments	61,954	-	61,954
Current assets	997,943	13,500	1,011,443
Current liabilities	(2,263,786)	-	(2,263,786)
Creditors over 1 year	(512,289)	-	(512,289)
Pension scheme liability	(9,752,000)	-	(9,752,000)
Total net assets	6,017,011	92,823	6,109,834

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	17,584,358	16,737	17,601,095
Investments	52,262	-	52,262
Current assets	(1,434,653)	2,744,770	1,310,117
Current liabilities	(1,650,399)	-	(1,650,399)
Creditors over 1 year	(1,917,022)	-	(1,917,022)
Pension scheme liability	(9,308,000)	-	(9,308,000)
Total net assets	3,326,546	2,761,507	6,088,053

### 17 Commitments under operating leases – group and Charity

#### Operating leases

At 31 August 2021 the group and Charity had total future commitments under non-cancellable operating leases as follows:

#### Operating leases which expire:

	2021 £	2020 £
<b>Other</b>		
Within one year	31,446	40,066
Within two to five years	60,842	89,960
After more than five years	-	1,620
	92,288	131,646

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 18 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2021 £	2020 £
Net income/(expenditure)	215,089	219,899
Depreciation	587,629	66,677
Investment income	(2,681)	(8,611)
Pension scheme charges in excess of cash paid	241,000	240,000
Decrease/(Increase) in debtors	214,473	2,180,086
Increase/(Decrease) in creditors	(487,055)	13,686
Net cash flows from operating activities	<u>768,455</u>	<u>2,711,737</u>

### 19 Cash flows from investing activities

	2021 £	2020 £
Purchase of tangible fixed assets	(551,046)	(8,487,190)
Proceeds from the sale of tangible fixed assets	-	1,800,625
Investment income	2,681	8,611
Proceeds from sale of investments	-	200,208
Net cash flows from investing activities	<u>(548,365)</u>	<u>(6,477,746)</u>

### 20 Cash flows from financing activities

	2021 £	2020 £
Proceeds from borrowings	-	1,700,000
Repayment of borrowings	(300,000)	(400,000)
Repayment of finance lease liabilities	(4,291)	(3,931)
Net cash flows from financing activities	<u>(304,291)</u>	<u>1,296,069</u>

### 21 Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Non-cash changes £	At 31 August 2021 £
Cash at bank and in hand	870,144	(84,201)	-	785,943
Loans falling due within one year	(300,000)	300,000	(1,400,000)	(1,400,000)
Loans falling due after more than one year	(1,900,000)	-	1,400,000	(500,000)
Finance lease liabilities	(21,172)	4,291	-	(16,881)
	<u>(2,221,172)</u>	<u>304,291</u>	<u>-</u>	<u>(1,916,881)</u>
	<u>(1,351,028)</u>	<u>220,090</u>	<u>-</u>	<u>(1,130,938)</u>

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 22 Members' liability

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

### 23 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £37,382 were payable to the schemes at 31 August 2021 (2020: £35,398) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,160 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 23 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the year amounted to £100,913 (2020 - £100,331).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Charity has set out above the information available on the scheme.

#### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £157,000 (2020 - £189,000), of which employer's contributions totalled £129,000 (2020 - £153,000) and employees' contributions totalled £28,000 (2020 - £36,000). The agreed contribution rates for future years are 15.4% for employers plus an additional top up for the past service deficit of £64,000 per annum and 5.5% to 12.5% for employees.

#### Principal actuarial assumptions

	At 31 August 2021 %	At 31 August 2020 %
Rate of increase in salaries	3.90	3.30
Rate of increase for pensions in payment/inflation	2.90	2.30
Discount rate for scheme liabilities	1.65	1.60

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

	At 31 August 2021	At 31 August 2020
<b>Retiring today</b>		
Males retiring today	22.7	22.9
Females retiring today	24.0	24.1
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.0	24.3
Females retiring in 20 years	25.4	25.5

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 23 Pension and similar obligations (continued)

#### Sensitivity analysis on present value of scheme obligations

	At 31 August 2021 £	At 31 August 2020 £
Discount rate +0.1%	19,296,000	17,365,000
Discount rate -0.1%	20,236,000	18,212,000
Mortality assumption – 1 year increase	20,582,000	18,473,000
Mortality assumption – 1 year decrease	18,971,000	17,120,000
CPI rate +0.1%	20,182,000	18,166,000
CPI rate -0.1%	19,348,000	17,409,000

The actual return on scheme assets was £1,690,000 (2020 - £35,000).

#### Amounts recognised in the statement of financial activities

	2021 £	2020 £
Current service cost	216,000	233,000
Interest cost	148,000	154,000
Admin expenses	6,000	6,000
Total amount recognised in the SOFA	370,000	393,000

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

	2021 £	2020 £
At start of period	17,783,000	16,907,000
Current service cost	216,000	233,000
Interest cost	276,000	305,000
Admin expenses	6,000	6,000
Employee contributions	28,000	36,000
Actuarial (gain)/loss	2,309,000	1,246,000
Change in demographic assumptions	(211,000)	(373,000)
Experience (gain)/loss on defined benefit obligations	(339,000)	(357,000)
Benefits paid	(308,000)	(220,000)
At 31 August	19,760,000	17,783,000

# Exeter Royal Academy for Deaf Education

## Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

### 23 Pension and similar obligations (continued)

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

	2021 £	2020 £
At start of period	8,475,000	8,479,000
Interest income	128,000	151,000
Actuarial gain/(loss)	1,556,000	(124,000)
Employer contributions	129,000	153,000
Employee contributions	28,000	36,000
Benefits paid	(308,000)	(220,000)
At 31 August	10,008,000	8,475,000
Deficit	9,752,000	9,308,000

#### Aegon Pension Scheme

The Aegon Pension Scheme is a defined contribution scheme. The total contribution made for the year ended 31 August 2021 was £186,669 (2020 - £191,947), of which employer's contributions totalled £143,360 (2020 - £146,055) and employees' contributions totalled £43,309 (2020 - £45,892).

### 24 Related party transactions

The Charity has taken advantage of the exemption under FRS102 from the disclosure of transactions with its wholly owned subsidiary. There are no other related party transactions that require disclosure.

### 25 Capital commitments

The Group entered into a contract for the construction of the new school in Exmouth in February 2019. As at 31 August 2021 the group was committed to £39,053 (2020 - £89,928) under this contract.