



Annual report and consolidated financial statements

For the period 1 September 2022 to 31 August 2023

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

Dr M Collie (appointed 19 October 2023)

Mr A Collyer, Honorary Treasurer

Mr R Davey

Mr J Dewhirst

Mr C Hampton II (resigned 6 September 2022)

Dr J Harvey, Vice Chair (resigned 31 August 2023)

Mrs S Papworth (appointed 9 February 2023)

Dame A Pedder OBE, Chair

Mr D Robertson, Vice Chair (1 September 2023)

Mr R Spencer

Ms J Stephens (appointed 4 May 2023)

Company Secretary

Mrs C Quick

Key Management Personnel

Mr S Dewing, Principal

Mrs C Quick, Director of Finance & Resources

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

Charities Aid Foundation (CAF Bank)
PO Box 861
Ipswich
IP1 9LW

Exeter Royal Academy for Deaf Education

Trustees' Report for the Year Ended 31 August 2023

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 2023. 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. Governance of the Academy is delegated to a Governing Body which meets at least three times a year and Governance of Rolle House is delegated to the Children's Home Governing Body which meets at least three 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 Trustees regularly review the composition of the Board, the Governing Body, the Children's Home Governing Body and its various committees, sub-committees and working groups. 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 and interviews by senior staff and Trustees and Governors. Induction is provided to all Trustees and Governors and an induction and training programme is organised by the Governance Officer. Governors and Trustees are expected to visit the School and College regularly.

The Trustees and Governors undertake skill audits and self-evaluations on a regular basis to understand and support board performance. This enables the Charity to identify training and development needs and to provide opportunities to address them in addition to providing guidance to support the recruitment and selection of new Trustees and Governors.

Exeter Royal Academy for Deaf Education

Trustees' Report for the Year Ended 31 August 2023

Organisational structure

During the year the Charity has operated within its articles of association and supporting governance and committee structure to ensure it continues to have an effective governance framework in place.

All elements of the Charity's operations are conducted under the leadership of the Principal, supported by the Senior Leadership Team. The changing student profile, greater stability and increased organisational maturity have resulted in the need to make changes to the organisational structure of the Charity. A review of the organisational structure has led to changes in the management structure to better meet current needs and add an element of future proofing. Members of the Senior Leadership Team appointed during the 2022/23 academic year have settled into their roles and focused on curriculum development and continuing to build capacity within the middle management team. This has resulted in some new appointments which have given great depth of knowledge and key skills to strengthen our work and prepare for future development. Details of the key management personnel 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 improved approach to the assessment, reporting and management of risk at all levels of the organisation introduced in 2021/22 has developed and embedded within the organisation. Trustees' discussion and understanding of the key risks is facilitated by this improved approach increasing visibility and the strategic management of risk. Furthermore, the budget process ensures that key risks are considered and resources are allocated in response to these risks.

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 leaders have undertaken a review and analysis of risk, focusing on the major aspects of operational, financial, governance, 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:

- National SEND (Special Educational Needs and Disabilities), Alternative Provision and Local Authority high needs funding overspend – risk of deaf students being placed in inappropriate provision and pressure on income levels - Close liaison with local authorities, explore alternative funding models, staff skilled at Tribunal representation.
- Workforce Capacity - Recruiting and retaining suitably qualified/experienced staff - capacity requirements, vacancies and development needs are regularly assessed by the Senior

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Trustees' Report for the Year Ended 31 August 2023

Leadership Team. Key oversight is provided by the Finance and Resources sub committee and regularly reported to the Governing Body and Board of Trustees. Development/Recruitment/Retention/CPD/Training/Leadership - Pay Review completed in 2022/23. Review of effectiveness of recruitment approaches (relocation package, staff referrals scheme, targeted campaigns) Wellbeing initiatives. Development of Workforce Development plan. Monitoring of staff survey results. Strategic Plan Focus 'Ensuring the Charity is a great place to work'.

- Quality of Care – Residential (Improvement/OFSTED Grading) Strengthening overall Quality Assurance arrangements of Residential Care provision. New leadership structure agreed.
- Quality of Education – Risk of not sufficiently improving quality of provision in post 19 to achieve a Good Ofsted rating - Monitoring of Ofsted action plans, enhanced external support and coaching, enhanced quality assurance, review and monitoring of leadership and management.
- Children's Home – Instability of existing placements/Risk of not recruiting additional planned resident - Several enquiries for placements. Positive feedback from Independent visitor from monthly visits. Support from NDCAMHS (National Deaf Children and Adolescent Mental Health Service). Close liaison with LA funders, focus on quality of provision and good fit placements, oversight by Children's Home Governing Body and Trustees.
- Failure of Safeguarding of students resulting in a significant incident – Continuous monitoring and review. Well-resourced safeguarding team. Independent external reviews.
- 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 Children's Home Governing Body. Ongoing review by external independent advisors, commissioned by the organisation.
- Campus building and capacity – regular capacity review, estates strategy and development plan.
- 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.

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

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Trustees' Report for the Year Ended 31 August 2023

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

Our vision is to be an outstanding provider of Education, Support and Care for Deaf young people with additional and complex needs and a centre of excellence for Education, Care and Support for Deaf young people with additional and complex needs, including research, sharing best practice, and providing information to the wider Deaf/Special Needs (SEN) sector. We will be a champion in promoting and celebrating the diversity of the Deaf cultural and linguistic community in all its forms and tackling discrimination where it occurs.

Our mission is to nurture and grow Deaf young people with a real sense of belonging who are confident, resilient, and independent, supporting their development of robust behaviours, knowledge and skills to live happily in the wider world. This informs everything across Education, Care, Support and the whole Academy. We embrace the diversity of both our young people's communication needs and special educational needs and support them on a journey towards a strong sense of self and a clear personal identity.

We provide the following Ofsted registered services:

- The Deaf Academy
 - School 9-16 Middle and Upper school (Non-maintained Special School status)
 - College (sixth form) 16-18 (Non-maintained Special School status)
 - College (adult) 19-25 (Specialist Independent Provider status)
 - Residential Care 37 beds
- Fearnside House - 10 bed adult residential care and preparation for adulthood learning centre, opened September 2023.
- Rolle House - Children's Home for up to four young people

The Deaf Academy, Fearnside House and Rolle House are unique provisions in the UK, offering a specialist curriculum, teaching, support and residential care to Deaf young people, the majority of whom have accompanying additional or complex needs. This is a fantastic place for young people to learn, develop and be part of a diverse Deaf multilingual community. Our aim is to develop empowered, confident young people who are equipped to embark into adulthood with aspiration, skills and resilience.

We encourage our young people to explore their passions and develop a strong Deaf identity, while also supporting them to achieve educationally. We offer a truly bilingual environment, where our students learn both British Sign Language and English depending on their needs.

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.

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Trustees' Report for the Year Ended 31 August 2023

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. The families of the Academy's students also benefit from the support given to them and from the greater wellbeing and achievement of their child.

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 has taken an active part in supporting and sponsoring local events, including the Exmouth Festival and the Exmouth Business Awards.

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.

Fundraising

The Deaf Academy carries out fundraising through its website which contains a link to the Deaf Academy JustGiving page. The Deaf Academy JustGiving page invites private individuals and other organisations to donate or create their own fundraising page to support the Deaf Academy. Individuals also have the opportunity to make cash donations to collecting tins at events hosted by the Deaf Academy and at events hosted by other organisations at which the Deaf Academy has a presence. The Deaf Academy does not carry out door to door, street fundraising or direct mailings and does not employ any third parties to carry out fundraising activities on its behalf. Staff and students involved in events are aware of what would constitute unreasonably persistent approaches or placing undue pressure on a person for the purpose of soliciting donations at events. The Charity does not engage third party professional fundraisers. The Deaf Academy complies, and is registered, with the Fundraising Regulator.

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.

Exeter Royal Academy for Deaf Education

Trustees' Report for the Year Ended 31 August 2023

Strategic Report

Achievements and performance

Operational performance

It continues to be 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.

The Deaf Academy and Rolle House are now fully established as part of the Exmouth community. Our purpose-built Academy designed with the help of specialists experienced in creating Deaf friendly spaces continues to be a triumph. It acts as a magnet attracting student referrals, new staff to our service and as a reference site for organisations seeking to understand the impact of the designed environment on Deaf people. Our education facilities and residential care accommodation are excellent and provide a splendid environment within which our students and staff can flourish.

Our growth in student numbers has continued to be ahead of predicted growth. The review of capacity and options for expansion was commissioned in 2021/22 and resulted in a proposal to develop a Post 19 Centre close to the Deaf Academy but offsite to enable a more differentiated offer to our young adults preparing them for more independent living. Using a combination of reserves, legacies and fundraising, a former convent building was purchased and converted to create a 10 bedroom Adult Residential and Learning Centre called Fearnside House which opened in September 2023.

Excellent progress has been made throughout 2022/23 and the commitment of our expanded staff teams has remained resolute. As with many parts of the education and care sector, recruitment has been more difficult than previous years and new and innovative approaches have been taken to recruit and retain staff. Consequently, we have successfully recruited to the additional roles created to build our capacity to meet the increasing demand for our service. Trustees are very grateful to our staff and senior leadership team who work ceaselessly to ensure our young people flourish, enjoy being children and young people and are helped to reach their full potential.

A key feature of 2022/23 was adding additional external quality assurance support to education. This included using external coaches and a School Improvement Partner. In addition, annual reviews by NATSPEC (National Association of Specialist Colleges) and Challenge Partners helped to further enhance quality assurance approaches. This combined with new appointments led to effective development of areas of improvement and curriculum across School and College. Furthermore, a key structural approach was the restructuring and redefining of curriculum in both School and College provision and timetabling and integration of therapeutic provision.

During 2022/23 the Academy had four formal Ofsted inspections. Residential Care was inspected in October 2022 and dropped a grade from Good to Requires Improvement. In February 2023, School and Sixth Form were inspected (the first full inspection since 2019) and achieved a fantastic outcome for Good overall with two areas of Outstanding practice. Although work continues, this marked a milestone for the Charity in securing our first ever Outstanding subgrades in an Ofsted report. This was an incredible achievement and a result of much hard work from the educational leadership team. In May there was a monitoring visit of post 19 provision which resulted in a very good outcome of reasonable progress in all areas. In November 2023, Rolle House (Children's Home) was re-inspected and increased its grade from Good to Outstanding. Inspectors commented that 'children feel like they belong in the home and are nurtured and cared for to a high standard'. They recognised that 'the manager's positive parenting style is having a significant impact on children's progress and well-being'. This is the first Outstanding grade achieved for the Children's Home.

Led by our 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

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Trustees' Report for the Year Ended 31 August 2023

care for deaf young people is growing and continues to build national prominence for the quality and innovation of the education and care it offers.

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 continue to demonstrate and for the pride and joy they have in the success of our young people. This year Trustees would like to say a special thank you to our staff who work in the charity's support functions, Estates, Finance, HR, IT, catering, cleaning, and administrative support, for all the work they do behind the scenes to ensure everything is commissioned on time and works effectively. These are complex tasks when successfully implemented and are rarely noticed because they work so well, but we all know how key they are to enable the rest of our service to perform well.

The Trustees are very grateful to the many organisations and individuals who generously contributed funds which made the completion of our new Academy and Fearnside House possible and who continue to support us. We have benefited in year from a number of substantial legacies and we are particularly grateful to those individuals and families who name the Deaf Academy in their wills.

We would like to thank the community of Exmouth their continued support and encouragement they provide to our student community. Our young people are welcomed and feature in so many community events and it is uplifting to see how our pride in them, and their achievements are shared by people in our wider community. Our students are ambassadors for the charity, the Deaf Academy and for the Deaf Community, every year we see them grow in aspiration and achievement to become proud young deaf people embedded in a caring community and widening their aspirations and achievements.

Future activities

The year 2022/23 has been one of development and embedding the tremendous improvement and quality initiatives our staff and the senior leadership team have put in place to ensure our provision becomes best in class. There remains more work to do but we are building on strong foundations, reflecting, learning, and improving to ensure Deaf young people get the best possible outcomes. Any organisation must look forward to ensure it continues to identify potential opportunities and risks and to build strategy that is robust and responsive. Led by the Principal, our revised 5 year forward looking Strategic Plan was published in early 2024.

The strategic plan identifies 6 strategic priorities:

1. Redesigning our provision to better meet the changing needs of our students
2. Securing and maintaining high quality in all aspects of our provision
3. Becoming a research and professional development and training hub for professionals working for Deaf children with additional and complex needs
4. Maintaining a financial surplus, reinvesting in our staff, facilities and resources
5. Creating significant impact regionally and locally via the promotion of our wider charity objectives (raising awareness/promotion, tackling discrimination, campaigning, research and development and bespoke professional and non-professional training)
6. Ensuring the Charity is a great place to work

Exeter Royal Academy for Deaf Education

Trustees' Report for the Year Ended 31 August 2023

Going concern

At the date of approval of the accounts the Charity has an adequate level of cash reserves. Fee income is strong, student numbers have increased and applications for admission to the school and college rolls are growing. The new facilities at Fearnside House enable us to plan confidently for future growth. The Trustees have reviewed the cash forecasts and commitments and are satisfied there are adequate financing arrangements in place. 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

This is the third year, since moving to the new campus in Exmouth, that the Charity has achieved an operating surplus. Our financial performance has been helped by strong student numbers which have exceeded expectations, combined with legacy income, income from Trusts and tight cost control. The Charity has a significant annual depreciation charge, £645k in 2022/2023, due to the new purpose-built Academy and its facilities. Overall, our cash position decreased by £318k in the year due to the investment in increased capacity through the purchase of the Adult Learning and Residential Centre, Fearnside House. In May 2023, the Charity was successful in re-financing the £1.4m short term interest only loan to a 15-year capital repayment loan of £1.6m. The re-financed loan has improved terms and supports longer term financial stability for the Charity.

The Group's freely available reserves are calculated at £389k at the balance sheet date. The freely available reserves are made up of the unrestricted current assets, including investments, less unrestricted current liabilities.

The Group's total reserves have increased by £1.6m during the year ended 31 August 2023. This is mainly due to a £1.4m reduction the Local Government Pension Scheme liability as a result of a change in application of financial assumptions. Reserves have also increased as a result of the operating surplus of £246k and the gains on investments and disposal of fixed assets of £2k.

Reduction in pension liabilities

As noted above there has been a reduction in the Local Government Pension Scheme liability which has increased the total reserves of the Charity. The liability is calculated annually by the actuary using a discount rate based on bond yields, as required by Accounting Standard FRS102. Bond yields increased at 31 August 2023 compared to the previous year and this caused a corresponding reduction in the calculated pension liability.

It is not possible to predict what might happen to yields used for future valuations but if they return to levels seen in previous years, we may well see another swing in results but in the opposite direction. However, it is important to note that this change in pension liability is not a basis for calculating the funding requirements of the scheme. Funding requirements are based on the triennial valuations prepared by the scheme actuary who set the contribution levels for current service and to recover any deficit on past service costs.

Exeter Royal Academy for Deaf Education

Trustees' Report for the Year Ended 31 August 2023

Reserves policy

The Trustees have reviewed the Charity's needs for reserves in line with the guidance issued by the Charity Commission. The target level of reserves is set after considering the key risks facing the Charity and the regular financial forecasts prepared by management. The level is reviewed annually by Trustees. We aim to maintain sufficient reserves to enable us to carry on our work when faced with difficult circumstances and to adjust our strategy in response, while ensuring we maximise the resources readily available for charitable purposes. Our primary operating funding comes from local authorities and is reasonably foreseeable in the short term. This, together with the significant value of our freehold premises and expectation that we will continue as a going concern, is such that we do not provide reserves for cessation or the impact of our share of the deficits of the defined benefit pension scheme.

The target level of reserves is between £500k to £750k. The freely available reserves at the balance sheet date of 31 August 2023 was £389k. The freely available reserves at the year end was lower than the minimum target level due to the Charity utilising more reserves than planned to complete the works required for Fearnside House and the pressure caused by the short timescale for the fundraising campaign.

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 £57k. These funds have produced an income of £2.8k for the reporting period.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees on 8 February 2024 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 2023, 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 2023 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 12, 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. 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: 12 February 2024

Exeter Royal Academy for Deaf Education

Consolidated Statement of Financial Activities for the Year Ended 31 August 2023 *(including Income and Expenditure Account)*

	Note	Unrestricted Funds £	Restricted Funds £	Total 2023 £
Income from:				
Donations and grants	2	254,085	133,295	387,380
<i>Charitable activities:</i>				
School fees		5,533,411	-	5,533,411
Professional fees		443,446	-	443,446
Other trading activities	3	42,071	-	42,071
Investments	4	27,227	-	27,227
Other income	5	69,804	-	69,804
Total		6,370,044	133,295	6,503,339
Expenditure on:				
<i>Charitable activities:</i>				
Academy & Children's Home operations		6,221,523	35,610	6,257,133
Total	6	6,221,523	35,610	6,257,133
Net income		148,521	97,685	246,206
Other recognised gains and losses				
Losses on investment assets	11	(5,317)	-	(5,317)
Gains on disposal of tangible fixed assets		7,079	-	7,079
Actuarial gains on defined benefit pension schemes	23	1,401,000	-	1,401,000
Net movement in funds		1,551,283	97,685	1,648,968
Reconciliation of funds				
Total Funds brought forward at 1 September 2022		15,109,303	70,210	15,179,513
Total Funds carried forward at 31 August 2023		16,660,586	167,895	16,828,481

Exeter Royal Academy for Deaf Education

Consolidated Statement of Financial Activities for the Year Ended 31 August 2022 *(including Income and Expenditure Account)*

	Note	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Income from:				
Donations and grants	2	395,148	19,062	414,210
<i>Charitable activities:</i>				
School fees		4,645,451	-	4,645,451
Professional fees		683,674	-	683,674
Other trading activities	3	38,342	-	38,342
Investments	4	5,211	-	5,211
Other income	5	38,878	-	38,878
Total		5,806,704	19,062	5,825,766
Expenditure on:				
<i>Charitable activities:</i>				
Academy & Children's Home operations		5,414,803	35,585	5,450,388
<i>Raising Funds:</i>				
New Build Fundraising Campaign		-	6,090	6,090
Total	6	5,414,803	41,675	5,456,478
Net income/(expenditure)		391,901	(22,613)	369,288
Other recognised gains and losses				
Gains/(losses) on investment assets	11	2,140	-	2,140
Gain on disposal of tangible fixed assets		44,251	-	44,251
Actuarial gains/ (losses) on defined benefit pension schemes	23	8,654,000	-	8,654,000
Net movement in funds/(deficit)		9,092,292	(22,613)	9,069,679
Reconciliation of funds				
Total Funds brought forward at 1 September 2021		6,017,011	92,823	6,109,834
Total Funds carried forward at 31 August 2022		15,109,303	70,210	15,179,513

Exeter Royal Academy for Deaf Education

(Registration number: 06585703)

Consolidated Balance Sheet as at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	18,448,102	17,090,654
Investments	11	57,507	64,094
		<u>18,505,609</u>	<u>17,154,748</u>
Current assets			
Debtors	12	112,527	452,198
Cash at bank and in hand		<u>1,442,543</u>	<u>1,760,072</u>
		1,555,070	2,212,270
Creditors: Amounts falling due within one year	13	<u>(1,202,130)</u>	<u>(912,205)</u>
Net current assets		<u>352,940</u>	<u>1,300,065</u>
Total assets less current liabilities		18,858,549	18,454,813
Creditors: Amounts falling due after more than one year	14	<u>(2,030,068)</u>	<u>(1,908,300)</u>
Net assets excluding pension liability		16,828,481	16,546,513
Pension scheme liability	23	-	(1,367,000)
Net assets including pension liability		<u>16,828,481</u>	<u>15,179,513</u>
Funds:			
Restricted funds	15	<u>167,895</u>	<u>70,210</u>
Unrestricted funds			
Revaluation fund		87,326	93,026
Capital fund		16,183,804	15,032,118
Pension deficit fund		-	(1,367,000)
Freely available reserves		389,456	1,351,159
	15	<u>16,660,586</u>	<u>15,109,303</u>
Total funds		<u>16,828,481</u>	<u>15,179,513</u>

The financial statements on pages 17 to 46 were approved by the Trustees, and authorised for issue on 8 February 2024 and signed on their behalf by:

Mr T Collyer
Trustee

Exeter Royal Academy for Deaf Education

(Registration number: 06585703)

Charity Balance Sheet as at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	18,719,477	17,362,029
Investments	11	57,507	64,094
		<u>18,776,984</u>	<u>17,426,123</u>
Current assets			
Debtors	12	113,534	453,203
Cash at bank and in hand		<u>1,442,543</u>	<u>1,760,072</u>
		1,556,077	2,213,275
Creditors: Amounts falling due within one year	13	<u>(1,202,130)</u>	<u>(912,205)</u>
Net current assets		<u>353,947</u>	<u>1,301,070</u>
Total assets less current liabilities		19,130,931	18,727,193
Creditors: Amounts falling due after more than one year	14	<u>(2,030,068)</u>	<u>(1,908,300)</u>
Net assets excluding pension liability		17,100,863	16,818,893
Pension scheme liability	23	-	(1,367,000)
Net assets including pension liability		<u>17,100,863</u>	<u>15,451,893</u>
Funds:			
Restricted funds		<u>167,895</u>	<u>70,210</u>
Unrestricted funds			
Revaluation fund		87,326	93,026
Capital fund		16,456,186	15,303,491
Pension deficit fund		-	(1,367,000)
Freely available reserves		389,456	1,352,166
		<u>16,932,968</u>	<u>15,381,683</u>
Total funds		<u>17,100,863</u>	<u>15,451,893</u>

The financial statements were approved by the Trustees, and authorised for issue on 8 February 2024 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 2023

	Note	2023 £	2022 £
Net cash flows from operating activities	18	1,465,054	1,082,434
Net cash flows from investing activities	19	(1,966,745)	(104,014)
Net cash flows from financing activities	20	184,162	(4,291)
(Decrease)/increase in cash in the year	21	<u>(317,529)</u>	<u>974,129</u>

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023

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.

During the year, an application was granted to strike off the subsidiary as of 31 January 2023. The dissolution date of the company occurred on 07 February 2023.

Income

All incoming resources are recognised when the Charity has entitlement to the funds, receipt is probable 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 probability of receipt and the amount can be reliably measured.

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

Other income

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

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.

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

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

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.

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

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. Bank loans are initially measured at transaction price, including transaction costs, are subsequently carried at amortised costs using the effective interest method except to the extent that finance costs are immaterial.

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 Capital Fund represents the net book value of the unrestricted Fixed Assets less the loans due over more than one year.

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

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 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.

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 2023 £	Total 2022 £
Grants	108,652	19,834	128,486	112,022
Donations and sponsorship	7,459	113,461	120,920	17,188
Legacies	137,974	-	137,974	285,000
	254,085	133,295	387,380	414,210

3 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Hire of facilities	10,043	-	10,043	-
Other income	32,028	-	32,028	38,342
	42,071	-	42,071	38,342

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

4 Investment income

	Unrestricted funds £	Total 2023 £	Total 2022 £
Bank interest receivable	18,120	18,120	2,503
Other investment income	9,107	9,107	2,708
	<u>27,227</u>	<u>27,227</u>	<u>5,211</u>

5 Other income

	Unrestricted funds £	Total 2023 £	Total 2022 £
Pupil Premium Income	8,681	8,681	8,524
Other Educational Fees	61,123	61,123	30,354
	<u>69,804</u>	<u>69,804</u>	<u>38,878</u>

6 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2023 £	Total 2022 £
<i>Charitable activities:</i>					
Academy & Children's Home operations					
Direct costs	3,134,362	-	259,223	3,393,585	2,905,206
Allocated support costs	935,679	1,074,988	852,881	2,863,548	2,545,182
	<u>4,070,041</u>	<u>1,074,988</u>	<u>1,112,104</u>	<u>6,257,133</u>	<u>5,450,388</u>

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

6 Expenditure (continued)

	Staff costs £	Premises £	Other costs £	Total 2023 £	Total 2022 £
Raising funds:					
New build fundraising campaign	-	-	-	-	6,090
	4,070,041	1,074,988	1,112,104	6,257,133	5,456,478

Net income/outgoing resources for the year includes:

	2023 £	2022 £
Fees payable to auditor - audit services	13,423	16,857
Fees payable to auditor - other audit services	3,477	3,765
Operating leases	44,929	69,518

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

7 Charitable activities

	Total 2023 £	Total 2022 £
Direct costs	3,393,585	2,905,206
Support costs	2,863,548	2,545,182
	<u>6,257,133</u>	<u>5,450,388</u>

	Total 2023 £	Total 2022 £
Analysis of educational operations support costs		
Support staff costs	935,679	862,655
Depreciation	644,873	621,243
Premises costs	430,115	325,620
Other support costs	852,881	735,664
Total support costs	<u>2,863,548</u>	<u>2,545,182</u>

8 Staff

	2023 £	2022 £
Staff costs during the year were:		
Wages and salaries	3,392,970	2,822,547
Social security costs	276,601	242,359
Pension costs	400,471	480,845
	<u>4,070,042</u>	<u>3,545,751</u>

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (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:

	2023 No	2022 No
Charitable Activities		
Teachers & Education Support	66	61
Care	30	30
Support, Estates, Fundraising & Marketing	31	31
	<hr/> 127	<hr/> 122

Higher paid staff

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

	2023 No	2022 No
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
	<hr/> 1	<hr/> 1

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 £194,739 (2022- £175,224)

9 Trustees' remuneration and expenses

The Trustees have not received any remuneration from the charity during the year.

As permitted by the Memorandum and Articles of Association, during the year ended 31 August 2023 travel and subsistence expenses totalling £929 (2022 - £472) were reimbursed or paid directly to one trustee (2022 - one).

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

10 Tangible fixed assets

Group

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Current year				
Cost				
At 1 September 2022	16,620,818	2,013,233	134,638	18,768,689
Additions	1,815,246	218,022	19,439	2,052,707
Disposals	(50,000)	(3,698)	-	(53,698)
At 31 August 2023	18,386,064	2,227,557	154,077	20,767,698
Depreciation				
At 1 September 2022	571,517	1,021,565	84,953	1,678,035
Charge for the year	284,077	339,267	21,529	644,873
Eliminated on disposals	-	(3,312)	-	(3,312)
At 31 August 2023	855,594	1,357,520	106,482	2,319,596
Net book value				
At 31 August 2023	17,530,470	870,037	47,595	18,448,102
At 31 August 2022	16,049,301	991,668	49,685	17,090,654

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

10 Tangible fixed assets (continued)

Group (continued)

Previous year	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2021	16,616,216	1,902,953	112,158	18,631,327
Additions	5,492	111,355	38,225	155,072
Disposals	(890)	(1,075)	(15,745)	(17,710)
At 31 August 2022	16,620,818	2,013,233	134,638	18,768,689
Depreciation				
At 1 September 2021	287,440	696,319	83,056	1,066,815
Charge for the year	284,077	325,615	17,642	627,334
Eliminated on disposals	-	(369)	(15,745)	(16,114)
At 31 August 2022	571,517	1,021,565	84,953	1,678,035
Net book value				
At 31 August 2022	16,049,301	991,668	49,685	17,090,654
At 31 August 2021	16,328,776	1,206,634	29,102	17,564,512

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

10 Tangible fixed assets (continued)

Charity

Current year	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2022	16,892,192	2,013,233	134,638	19,040,063
Additions	1,815,246	218,022	19,439	2,052,707
Disposals	(50,000)	(3,698)	-	(53,698)
At 31 August 2023	18,657,438	2,227,557	154,077	21,039,072
Depreciation				
At 1 September 2022	571,517	1,021,564	84,953	1,678,034
Charge for the year	284,077	339,267	21,529	644,873
Eliminated on disposals	-	(3,312)	-	(3,312)
At 31 August 2023	855,594	1,357,519	106,482	2,319,595
Net book value				
At 31 August 2023	17,801,844	870,038	47,595	18,719,477
At 31 August 2022	16,320,675	991,669	49,685	17,362,029

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

10 Tangible fixed assets (continued)

Charity (continued)

Previous year	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2021	16,616,216	1,902,953	112,158	18,631,327
Additions	276,866	111,355	38,225	426,446
Disposals	(890)	(1,075)	(15,745)	(17,710)
At 31 August 2022	16,892,192	2,013,233	134,638	19,040,063
Depreciation				
At 1 September 2021	287,440	696,316	83,056	1,066,812
Charge for the year	284,077	325,615	17,642	627,334
Eliminated on disposals	-	(367)	(15,745)	(16,112)
At 31 August 2022	571,517	1,021,564	84,953	1,678,034
Net book value				
At 31 August 2022	16,320,675	991,669	49,685	17,362,029
At 31 August 2021	16,328,776	1,206,634	29,102	17,564,512

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

11 Investments

Charity

In the previous year, the Charity owned 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 was the development of a new site for Exeter Royal Academy for Deaf Education.

Turnover for the year ended 31 August 2023 was £nil (2022 - £274,154), expenditure was £nil (2022 - £4,113) and the profit for the year was £nil (2022 - £270,041). The assets of the company at 31 August 2023 were £nil (2022 - £Nil), liabilities were £nil (2022 - £998) and capital and reserves were £nil (2022 - a deficit of £998).

During the year, an application was granted to strike the company off as of 31 January 2023. The dissolution of the company occurred on 7 February 2023.

Group and Charity

Quoted Investments

	2023	2022
	£	£
Market value brought forward	64,094	61,954
Disposals	(1,419)	-
Revaluation	(5,168)	2,140
Market value carried forward	57,507	64,094
Historical cost	33,402	34,912

12 Debtors: amounts due within one year

	2023	Group	2023	Charity
	£	2022	£	2022
		£		£
Trade debtors	2,165	28,974	2,165	28,974
Prepayments	49,101	33,437	49,101	33,437
Amounts due from subsidiary undertaking	-	-	-	-
Other debtors	61,261	389,787	62,268	390,792
	112,527	452,198	113,534	453,203

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

13 Creditors: amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Finance lease liabilities	8,300	4,290	8,300	4,290
Trade creditors	807,425	708,065	807,425	708,065
Other taxation and social security	66,710	59,461	66,710	59,461
Bank loans	58,384	-	58,384	-
Other creditors	44,952	29,121	44,952	29,116
Accruals and deferred income	216,359	111,268	216,359	111,268
	<u>1,202,130</u>	<u>912,205</u>	<u>1,202,130</u>	<u>912,200</u>

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

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
At 1 September 2022	55,130	49,559	55,130	49,559
Amount deferred in the year	72,576	55,130	72,576	55,130
Amount released from previous years	(55,130)	(49,559)	(55,130)	(49,559)
At 31 August 2023	<u>72,576</u>	<u>55,130</u>	<u>72,576</u>	<u>55,130</u>

14 Creditors: amounts falling due after more than one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Finance lease liabilities	-	8,300	-	8,300
Bank loans	1,530,068	-	1,530,068	-
Other loans	500,000	1,900,000	500,000	1,900,000
	<u>2,030,068</u>	<u>1,908,300</u>	<u>2,030,068</u>	<u>1,908,300</u>

Bank loans of £1,588,452 (due less than and over one year) are secured by a charge over the charity's property and due for repayment in 15 years from the first repayment date, beginning in May 2023. Other loans totalling £500,000 are unsecured and due for repayment in instalments from 2025 to 2029.

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

15 Funds

Group

	Balance at 1 September 2022 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2023 £
Current year:					
Restricted funds					
WK Hutchings Family Support	-	6,000	(6,000)	-	-
Andrew Kensit Cup	13,000	-	(500)	-	12,500
Audio Visual Equipment	11,829	-	(3,654)	-	8,175
ICT Suite	21,840	-	(6,745)	-	15,095
Residential Flats	13,500	-	(4,500)	-	9,000
School Classroom	9,246	-	(3,082)	-	6,164
Dorothy Hird Trust	-	5,000	(1,000)	-	4,000
Margaret Ann Robinson Award	-	10,000	(500)	-	9,500
Adult Residential Learning Centre	-	103,461	-	-	103,461
Other restricted funds	795	8,834	(9,629)	-	-
Total restricted funds	70,210	133,295	(35,610)	-	167,895
Unrestricted funds					
Revaluation fund	93,026	-	-	(5,700)	87,326
Other unrestricted funds	15,016,277	6,370,044	(6,221,523)	1,408,462	16,573,260
Total unrestricted funds	15,109,303	6,370,044	(6,221,523)	1,402,762	16,660,586
Total funds	15,179,513	6,503,339	(6,257,133)	1,402,762	16,828,481

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 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.

Dorothy Hird Trust – To provide the “sensory nook” at the children’s home.

Adult Residential & Learning Centre – To enable a visionary new residential provision as an extension to the main campus, giving our young adult students the support they need to prepare them for independent living and work.

Margaret Ann Robinson Award – In memory of Margaret Ann Robinson, each year a student who has helped others or the local community will receive an award from the fund.

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 2023 (continued)

15 Funds (continued)

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Previous year:					
Restricted funds					
WK Hutchings Family Support	-	6,000	(6,000)	-	-
Andrew Kensit Cup	13,500	-	(500)	-	13,000
Audio Visual Equipment	11,145	5,545	(4,861)	-	11,829
ICT Suite	29,120	-	(7,280)	-	21,840
Residential Flats	18,000	-	(4,500)	-	13,500
School Classroom	12,328	-	(3,082)	-	9,246
Other restricted funds	2,640	7,517	(9,362)	-	795
	86,733	19,062	(35,585)	-	70,210
New Build Fundraising Campaign	6,090	-	(6,090)	-	-
Total restricted funds	92,823	19,062	(41,675)	-	70,210
Unrestricted funds					
Revaluation fund	91,508	-	-	1,518	93,026
Other unrestricted funds	5,925,503	5,850,955	(5,414,803)	8,654,622	15,016,277
Total unrestricted funds	6,017,011	5,850,955	(5,414,803)	8,656,140	15,109,303
Total funds	6,109,834	5,870,017	(5,456,478)	8,656,140	15,179,513

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 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 2023 (continued)

16 Analysis of net assets between funds – group

Fund balances at 31 August 2023 are represented by:

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	18,302,205	145,897	18,448,102
Investments	57,507	-	57,507
Current assets	1,533,072	21,998	1,555,070
Current liabilities	(1,202,130)	-	(1,202,130)
Creditors over 1 year	(2,030,068)	-	(2,030,068)
Pension scheme liability	-	-	-
Total net assets	16,660,586	167,895	16,828,481

Fund balances at 31 August 2022 are represented by:

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	17,033,444	57,210	17,090,654
Investments	64,094	-	64,094
Current assets	2,199,270	13,000	2,212,270
Current liabilities	(912,205)	-	(912,205)
Creditors over 1 year	(1,908,300)	-	(1,908,300)
Pension scheme liability	(1,367,000)	-	(1,367,000)
Total net assets	15,109,303	70,210	15,179,513

Freely Available Reserves (Group)

The freely available reserves for the Group represent unrestricted net current assets and investments. The freely available reserves at 31 August 2023 were £389,456 (£1,351,159 at 31 August 2022).

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

17 Commitments under operating leases – group and Charity

Operating leases

At 31 August 2023 the group and Charity had total future commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2023	2022
	£	£
Other		
Within one year	69,837	70,408
Within two to five years	205,403	198,220
After more than five years	591,265	631,965
	<u>866,505</u>	<u>900,593</u>

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

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

	2023 £	2022 £
Net income	246,206	369,288
Depreciation	644,873	627,334
Investment income	(27,227)	(5,211)
Pension scheme charges in excess of cash paid	34,000	269,000
Decrease/(increase) in debtors	339,671	(226,698)
Increase in creditors	227,531	48,721
Net cash flows from operating activities	1,465,054	1,082,434

19 Cash flows from investing activities

	2023 £	2022 £
Purchase of tangible fixed assets	(2,052,707)	(155,072)
Proceeds from the sale of tangible fixed assets	57,465	45,847
Proceeds from the sale of investments	1,270	-
Investment income	27,227	5,211
Net cash flows from investing activities	(1,966,745)	(104,014)

20 Cash flows from financing activities

	2023 £	2022 £
Proceeds from borrowings	1,600,000	-
Repayment of borrowings	(1,411,548)	-
Repayment of finance lease liabilities	(4,290)	(4,291)
Net cash flows from financing activities	184,162	(4,291)

21 Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	Non-cash changes £	At 31 August 2023 £
Cash at bank and in hand	1,760,072	(317,529)	-	1,442,543
Loans falling due within one year	-	-	(58,384)	(58,384)
Loans falling due after more than one year	(1,900,000)	(188,452)	58,384	(2,030,068)
Finance lease liabilities	(12,590)	4,290	-	(8,300)
	(1,912,590)	(184,162)	-	(2,096,752)
	(152,518)	(501,691)	-	(654,209)

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (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 £46,290 were payable to the schemes at 31 August 2023 (2022: £35,394) 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 31 March 2016 TPS actuarial valuation results were implemented from 1 September 2019. The key elements of the valuation and subsequent consultation were:

- 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%.

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

23 Pension and similar obligations (continued)

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The revised employer contribution rate, arising from this valuation, is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £134,859 (2022 - £103,150).

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 2023 was £144,000 (2022 - £165,000), of which employer's contributions totalled £120,000 (2022 - £125,000) and employees' contributions totalled £24,000 (2022 - £27,000). The agreed contribution rates for future years are 22.3% for employers plus an additional top up for the past service deficit of £43,000 per annum and 5.5% to 12.5% for employees.

Principal actuarial assumptions

	At 31 August 2023 %	At 31 August 2022 %
Rate of increase in salaries	3.90	3.95
Rate of increase for pensions in payment/inflation	2.90	2.95
Discount rate for scheme liabilities	5.30	4.25

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 2023	At 31 August 2022
Retiring today		
Males retiring today	21.4	21.7
Females retiring today	22.6	22.9
Retiring in 20 years		
Males retiring in 20 years	22.7	23.0
Females retiring in 20 years	24.0	24.3

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

23 Pension and similar obligations (continued)

Sensitivity analysis on present value of scheme obligations

	At 31 August 2023 £	At 31 August 2022 £
Discount rate +0.1%	9,229,000	10,693,000
Discount rate -0.1%	9,551,000	11,201,000
Mortality assumption – 1 year increase	9,687,000	11,303,000
Mortality assumption – 1 year decrease	9,099,000	10,597,000
CPI rate +0.1%	9,544,000	11,181,000
CPI rate -0.1%	9,236,000	10,713,000

The actual return on scheme assets was positive £263,000 (2022 – negative £355,000).

Amounts recognised in the statement of financial activities

	2023 £	2022 £
Current service cost	93,000	229,000
Net interest cost	56,000	159,000
Admin expenses	5,000	6,000
Total amount recognised in the SOFA	154,000	394,000

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

	2023 £	2022 £
At start of period	10,944,000	19,760,000
Current service cost	93,000	229,000
Interest cost	456,000	318,000
Admin expenses	5,000	6,000
Employee contributions	24,000	27,000
Actuarial (gain)/loss *	(2,070,000)	(9,272,000)
Change in demographic assumptions *	(742,000)	(1,010,000)
Experience loss/(gain) on defined benefit obligations *	911,000	1,108,000
Benefits paid	(233,000)	(222,000)
At 31 August	9,388,000	10,944,000

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

23 Pension and similar obligations (continued)

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

	2023 £	2022 £
At start of period	9,577,000	10,008,000
Interest income	400,000	159,000
Actuarial (loss)/gain *	(275,000)	(520,000)
Employer contributions	120,000	125,000
Employee contributions	24,000	27,000
Benefits paid	(233,000)	(222,000)
At 31 August	9,613,000	9,577,000
(Surplus)/Deficit	(225,000)	1,367,000

* These figures, together with the surplus, make up the total actuarial gain of £1,401,000 (2022 – actuarial gain of £8,654,000) shown in the Statement of Financial Activities.

As at 31 August 2023, the actuarial valuation for the Trust includes a surplus totalling £225,000 (2022: not a surplus). This surplus has not been recognised within the financial statements.

High UK corporate bond yields have resulted in high accounting discount rates which contributed to the closing surplus position. There is no specific guidance in FRS 102 in relation to surplus balances, therefore reference has been made to IAS 19. This requires any surplus recognition to be limited to the present value of economic benefits available in the form of either refunds or reduced future contributions (the asset ceiling).

The right to a refund would occur in the form of a credit payable to the Trust, for example on exiting the pension fund. Whether any refund is provided is governed by Regulation 64 of the 2013 Local Government Pension Scheme Regulations and set out in the specific local authority funding strategy statement. The payment of this credit is at the discretion of the local authority based on a variety of pre-determined factors. Given there are no circumstances to suggest an exit from the fund and the determination of any credit is outside the control of the Trust, there is no basis to recognise any surplus.

With regards to reduced contributions, IAS 19 references minimum funding requirements used by certain schemes which limit the scope for contribution reductions. The LGPS administering authority must obtain a rates and adjustments certificate every three years that shows the contributions to be paid by each employer to the pension fund for the following three years, thereby limiting the availability of any contribution reductions. Additionally, the local authority funding strategy statement provides for potential reductions in future contributions, but these would be at the discretion of the local authority with, in the majority of cases, academies being part of a stabilisation approach which sets a limit on any change to contributions e.g. to 1% of pay per year. This suggests minimum funding requirements are applicable to the Trust as determined by IAS19. When actuary asset ceiling calculations assume that minimum funding requirements exist, they provide an asset ceiling value of £Nil.

Exeter Royal Academy for Deaf Education

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

23 Pension and similar obligations (continued)

Based on the above, it cannot be determined that a flow of future benefits is probable therefore no asset has been recognised.

Aegon Pension Scheme

The Aegon Pension Scheme is a defined contribution scheme. The total contribution made for the year ended 31 August 2023 was £222,472 (2022 - £194,965), of which employer's contributions totalled £172,133 (2022 - £149,610) and employees' contributions totalled £50,339 (2022 - £45,355).

24 Related party transactions

The Charity has taken advantage of the exemption under FRS102 from the disclosure of transactions with its wholly owned subsidiary.

During the year the Charity made payments totalling £2,779 (2022 - £Nil) to Kitson Boyce LLP, an LLP of which one of the Trustees is a partner. At the year end, a balance of £Nil (2022 - £Nil) was owed to Kitson Boyce LLP.