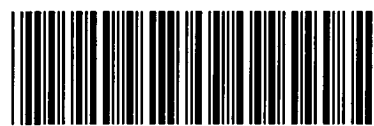


**PENRYN COLLEGE**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Company Registration No. 07654298 England and Wales**

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COMPANIES HOUSE

# PENRYN COLLEGE

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# PENRYN COLLEGE

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

CR Ansell  
AC Bick  
E Brooks  
DA Hall (Resigned 6 January 2017)  
MS Hunter (Accounting Officer) (Resigned 31 December 2016)  
MJ Proudfoot  
LJ Gooding (Resigned 13 July 2017)  
RE Rawley  
MS Parsons  
H Preston (Chair)  
J Hann (Resigned 25 April 2017)  
L Overall  
J Roberts  
M Terry  
G Harries  
P Walker (Accounting Officer) (Appointed 1 January 2017)  
A Barlow (Resigned 5 December 2016)  
K Bate (Resigned 5 December 2016)  
JM Scarlett-Davis (Resigned 28 September 2016)

### Members

CR Ansell  
P Walker (Appointed 03/01/2017)  
LJ Gooding  
MS Hunter (Resigned 03/01/2017)  
H Preston  
M Parsons

### Senior management team

- Strategic Director	MS Hunter (from 1 January 2017)
- Headteacher	P Walker (from 1 January 2017)
- Headteacher	MS Hunter (until 31 December 2016)
- Deputy headteacher	T Schouten
- Deputy headteacher	P Walker (until 31 December 2016)
- Assistant headteacher	D Mather
- Assistant headteacher	J Harvey
- Assistant headteacher	J Lushington
- Leading practitioner	G Harries
- Director of business development & operations	D Cunningham
- Leading practitioner	B Laing
- Assistant headteacher	K Oliver

**Company registration number** 07654298 (England and Wales)

**Principal address** Kernick Road  
PENRYN  
Cornwall  
TR10 8PZ

# PENRYN COLLEGE

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Registered office</b>	Kernick Road PENRYN Cornwall TR10 8PZ
<b>Independent auditor</b>	Robinson Reed Layton Peat House Newham Road TRURO Cornwall TR1 2DP
<b>Bankers</b>	Lloyds TSB 11/12 Killigrew Street FALMOUTH Cornwall TR11 3RA
<b>Solicitors</b>	Cornwall Council Legal Services Room 458 County Hall TRURO Cornwall TR1 3AY

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy operates a secondary school for pupils aged 11 to 16 serving a catchment area in Penryn, Cornwall. It has a pupil capacity of 1,050 and had a roll of 1,098 in the school census on 3 October 2016.

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

##### Constitution

The academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy.

The trustees of Penryn College are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Trustees' indemnities

In accordance with normal commercial practice the charitable company has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on the charitable company's business. The insurance provides cover up to £5 million in aggregate for each policy year.

##### Method of recruitment and appointment or election of trustees

The charitable company's governing body comprises the headteacher, a minimum of two parent trustees and any number of staff trustees (providing that the total number of trustees, including the headteacher, who are employees of the charitable company, does not exceed one third of the total number of trustees).

The charitable company shall have the following trustees as set out in its Articles of Association and funding agreement:

- up to 15 trustees who are appointed by members;
- up to 1 LA trustee who is appointed by the Local Authority;
- a minimum of 2 parent trustees who are elected by parents of registered pupils at the charitable company;
- any staff trustees appointed by the governing body;
- up to 3 co-opted trustees who are appointed by the governing body; and
- the headteacher who is treated for all purposes as being an ex officio trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the headteacher. Subject to remaining eligible to be a particular type of trustee, any trustee can be re-appointed or re-elected.

When appointing new trustees, the board will give consideration to the skills and experience mix of existing trustees in order to ensure that the board has the necessary skills to contribute fully to the charitable company's development.

##### Policies and procedures adopted for the induction and training of trustees

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities, and are required to attend the new trustee training course provided by Cornwall Council.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### Organisational structure

Penryn College has followed the organisational structure laid down in the Articles of Association that were registered with Companies House on 1 June 2011. The trustees of Penryn College have overall responsibility for the management of the charity. Day to day management is delegated to the headteacher and senior leadership team via a scheme of delegation which is reviewed annually. The headteacher is Accounting Officer for the charitable company.

The structure consists of three levels: the members, the trustees and the management team. The members of the charitable company comprise the signatories of the memorandum, including the chair of trustees. The members have defined the roles of the trustees and the committee structure. The members meet annually to hold an Annual General Meeting (AGM).

Each trustee is, in addition to being a member of the full governing body, a member of either the Finance and Premises Committee or the Student and Curriculum Committee. Trustees are also assigned specific areas of focus aligned to the management and administration of the charitable company, or specific teaching department links. The governing body committee operate in accordance with documented terms of reference.

The finance and premises committee also meets regularly throughout the year.

#### Arrangements for setting pay and remuneration of key management personnel

No trustees of the academy trust receive remuneration for their roles and responsibilities. Key management personnel that are teachers have their pay set by the Personnel Committee, ratified by the Full Governing Body and this follows the recommendations made annually by the Teachers Pay Review Body. These salaries are also subject to performance related assessment in line with all other teaching staff.

Key management personnel that are not teachers have their pay set by the Personnel Committee, ratified by the Full Governing Body, in line with the Support Staff Pay and Performance Management policy.

#### Related parties and other connected charities and organisations

As at 31 August 2017 the Headteacher is member of the Cornwall Association of Headteachers (CASH).

The college has a charitable working relationship with the Rotary Club of Penryn.

Related party relationships are detailed in Note 22 to the financial statements.

#### **Objectives and activities**

##### Objects and aims

The principal objects and activities of the charitable company are;

- to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum; and
- to promote for the benefit of the inhabitants of Penryn and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### Objectives, strategies and activities

At Penryn College, every student can expect to:

- communicate effectively in English and another language;
- use and understand Mathematics;
- know how to seek, organise and use information from books and using ICT;
- develop sporting and physical skills and know about the importance of a healthy lifestyle to safeguard and enrich their future;
- develop manipulative, technical and practical abilities;
- acquire knowledge and understanding of the rapidly changing world's science and technology, history and geography, economics and industry, literature, religions and culture diversity, socio-political and environmental issues;
- achieve the best possible examination results. All students, irrespective of ability, will enter GCSEs;
- be encouraged to develop the aesthetic and creative skills and spiritual awareness;
- observe, enquire, apply skills and knowledge, to solve problems and to exercise judgement in decision making;
- receive guidance on careers and be encouraged to become a life-time learner; and
- take part in a programme of extra-curricular activities.

It is equally important that the trustees help parents to ensure their child:

- learns self-discipline, takes pride in their work, appearance and punctuality;
- works well with other people;
- is polite, reliable, adaptable and persevering;
- is tolerant of, and respects, other views and ways of life; and
- takes care of the environment and abides by the rules governing our community.

The 2016-17 objectives focused on ensuring all students made excellent progress in lessons and over time by concentrating on:

- more able, middle and lower ability disadvantaged and pupils in care, especially boys, will make more progress; continue to raise their attainment in English and in Maths as they did in 2016 and gain more GCSEs at higher grades so their success is at the very least comparable with other students nationally.
- more Lower ability disadvantaged pupils will reach attainment thresholds in more subjects.
- new assessment arrangements will provide more precise marking/feedback and systematic learning routines so pupils, especially boys and disadvantaged pupils, deepen learning and improve the quality and presentation of work.

The trustees were also concerned to provide staff with effective shared planning time and support languages provision in local primary schools if costs allow.

A key concern was to plan for the change in Government led education funding streams which will have significant impact on College provision.

#### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### **Strategic report**

#### **Achievements and performance**

The academy is now in its sixth year of operation having converted to academy status following recognition by Ofsted as an outstanding school.

2016/17 again saw a further year of increased pupil numbers rising to 1,112. The school continues to remain oversubscribed at secondary transfer, with a number of appeals being heard in the Summer term prior to the year 7's starting in the Autumn term.

Early indication of GCSE progress and pass rates in English and Maths are looking incredibly positive; Grade 4+ Basics at 72% and 5+ Basics at 51%. English progress is likely to be outstanding with Maths well above average. 87% of students achieved a standard pass (Grade 4+) in English along with 76% in Mathematics, both well above average. The proportion of students in Science achieving at least two grades A\*-C went up to 67%, an improvement of 8% on last year. More than half of all students, 131 young people in total, gained at least one A\* or A or equivalent grade, while 46 young people gained 5 or more A/A\* grades, 10 of whom were awarded more than 10 A\*/As.

The trend for significant student achievement in sport continued at national levels.

#### Key performance indicators

The key financial performance indicators that the trustees of Penryn College use to govern themselves are to ensure that annual delegated funds are not being overspent and reserves are not being kept to an extreme level, over and beyond the agreed reserves policy. Also, to ensure funds are spent appropriately on the current pupils of Penryn College and provision is made to ensure facilities are well maintained for future pupils. The academy complies with all terms and conditions of its funding agreement as well as any additional grants received from other sources.

Pupil numbers are also a key financial performance indicator as they relate to the academy's level of funding. For 2016-17 the pupil numbers were 1,098 with year 7 entry requests being over-subscribed.

Ratio of staffing costs to budget is another key performance indicator and for 16/17 the percentage of total GAG salary costs was 83%.

#### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

The charitable company's accounting period is the year to 31 August 2017.

Most of the charitable company's income is derived from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the period to 31 August 2017 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The charitable company also received grants for fixed assets from the ESFA. Such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund will be reduced by annual depreciation charges over the expected useful life of the assets concerned.



# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### Reserves policy

Penryn College trustees aim to control reserves to an agreed level to ensure excessive balances are not held at any one time. Trustees will ensure that delegated funds are spent appropriately on the pupils of Penryn College and that government balances policies will always be adhered to.

Trustees are also aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future for Penryn College. Any future financial trends are identified early by good financial planning and regular monitoring by finance staff and the Penryn College Finance and Premises Committee.

The trustees consider the financial year end position of £16,233,429 (2016: £16,339,466) comprising £15,111,610 (2016: £15,483,358) of restricted fixed asset funds, £(1,280,000) (2016: £(1,925,000)) of restricted funds and £2,401,819 (2016: £2,781,108) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(1,280,000) (2016: £(1,925,000)) and general restricted funds of £Nil (2016: £Nil).

The level of free reserves held by the charitable company are £2,401,819 (2016: £2,781,108).

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The charitable company has entered into an agreement with the LGPS trustees to make additional annual contributions totalling £142,400 in addition to normal funding levels, over a period of 3 years, in order to bridge the scheme deficit.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of the charitable company closure, outstanding LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

#### Investment policy and powers

The trustees have the ability to invest funds of the academy as they see fit. Currently the academy does not have any long term investments, with the cash reserves being held in the current bank account or in fixed term deposit accounts. The trustees have no plans to make any long-term investments in the near future.

The trustee's policy of short term investment is to have up to £300,000 invested at any one time in fixed, short term deposit accounts with the College's main bankers, each one of no more than £75,000 and for no longer than 12 months.

#### Principal risks and uncertainties

The trustees use a number of charitable company policies, including health and safety, finance, safeguarding and a risk register to evaluate strategic and reputational, operational, compliance and financial risks. The trustees have ensured that the management structure, systems and controls are in place to manage those risks, as well as insurance to cover financial and governance arrangements by completing the Academies Financial Management and Governance Evaluation which was submitted to the Education & Skills Funding Agency following conversion to academy status.

The governing body ensure regular review of risks through the reporting provided by the management team to the aforementioned governing body. The Finance and Premises committee and the Student and Curriculum committee each meet once each term and report to the full governing body once each term.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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The principal future financial risks that Penryn College currently faces are:

- maintenance of pupil numbers as funding is directly related to the number of students on roll;
- uncertainties over future funding levels and income sources;
- the impact of public sector spending constraints on the local authority; and
- financial impact of changes to the funding formula, in particular SEN funding.

Although the lack of detailed budgetary information makes long term financial planning difficult, the trustees consider the level of funds held by the college to be sufficient to mitigate any funding risks in the short and medium term. This is assessed annually and charitable company staff and trustees will ensure to identify any potential problems and take appropriate strategic action as early as possible to ensure that the organisation is prepared for potential funding cuts but still maintain the high levels of education standards for the pupils of Penryn College.

The charitable company has agreed a risk management strategy, a risk register and a risk management plan. These have been discussed by trustees and include the financial risks to the charitable company. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The trustees have assessed the major risks to which the charitable company is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full trustees' and finance and premises committee meetings. The trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

The governing body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 19 to the financial statements, represents a significant potential liability. However as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **Plans for future periods**

OFSTED 17 focused the academy's activities on:

- teachers giving clear feedback to pupils that helps them know how well they are doing and how to improve their work.
- pupils of all abilities including low attainers are given work that enables them to produce their best work.
- pupils can show their understanding through discussions and writing.
- the College's work with partner primary schools helps to equip a small group of boys with the social skills they need to cope with the transition to secondary school.

#### **Achievement**

- Students who are not attaining grade 5 in reading, writing and numeracy are supported systematically so that they have every chance to attain this threshold.
- Disadvantaged students, particularly those who are Able, achieve a positive P8 score and match the progress of all other students nationally.
- Boys take responsibility for their own achievement so they significantly exceed their P8 score and they continue to narrow the progress gap between the girls and themselves.
- Able students continue to significantly exceed their P8 score and show progress that is among the best in the country.
- Accelerate the improvement of results for Science, Business Studies, and low PAG students in Maths.

#### **The quality of teaching and tutoring**

- Lessons are engaging and differentiated effectively so that all students are challenged to produce their best work and contribute enthusiastically. Lessons provide opportunities for students to think hard about and consolidate their learning.
- Students can demonstrate their understanding and knowledge verbally and in writing. They are taught to redraft, rework and refine work so that it is excellent.
- Marking and assessment enables students to reflect effectively on their learning and make more progress.
- Tutoring contributes to achievement across subjects through a focus on behaviour, organisation, attendance, preparation and pastoral support.

#### **Behaviour**

- Ensure all students, particularly KS3 boys, know their own responsibility for learning and consistently focus in the lessons.
- Provide more and better activities at break and lunchtime to reduce noise and bustle.
- Focus our transition work so that all new students to the college quickly adopt our behaviour standards and values.

#### **Attendance**

- All students have an attendance of better than 95% unless there are exceptional circumstances.
- Reduce overall absence to 3% and persistent absence to below 5%.
- Reduce DAP absence to 5% and persistent absence for DAP below 8%.
- Reduce avoidable lateness to below 2%.

#### **Safety and SMSC**

- Teach all students to use tolerant and respectful language. Adopt zero tolerance to inappropriate banter.
- Embed the school's new Diversity and Equality Policy.
- Ensure that students have the strategies that enable them to manage their mental health and well-being and know where to find support if they need it.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### **Reading, Writing, Numeracy**

- Teachers, EST and TAs apply agreed strategies to accelerate the progress of students with low literacy and numeracy.
- Ensure all pupils can apply a wide range of mathematical skills across all subjects but particularly in Maths, Science, Geography and Technology.
- Strengthen the intervention programme for those students with low literacy and numeracy.

### **Leadership and Management**

- Reduce in school variation by reviewing practice systematically, responding quickly to information and ensuring any actions have a direct impact on the experience of individual students and their progress.
- HOH lead a significant improvement in underachieving students' progress across a range of subjects.
- The Curriculum Access Team of TA's, EST and Attendance make a significant contribution to progress of vulnerable students through coordinated, rigorous support.
- The school runs seamlessly due to high quality planning and review and that all leadership maintains a sharp focus on student and staff wellbeing.
- Develop a group of middle leaders who will lead whole school development of teaching and learning through a focus on the standards of named students.
- Raise aspirations of students with disadvantaged backgrounds in every aspect of school life.
- Continue to develop transition work, particularly with Penryn Primary so that students arrive behaving better and achieving more when they join Penryn College.

### **Curriculum**

- Identify challenging and exciting 5 year programmes of study for each subject.
- Identification and implementation of exciting, relevant and excellently taught vocational courses.
- Development of a high quality, engaging STEM curriculum.
- Structuring "prep" so that it will be more responsive to individual groups of student's needs.

### **Governors**

- Establish a MAT and define the role of the local board of Governors as part of this organisation.
- Continue to manage the admission, financial, personnel and capital challenges resulting from oversubscription.
- Ensure all Governors provide challenge/support for the leadership team by taking part in monitoring and scrutiny activities and understanding the new assessment arrangements.
- Ensure the College is able to adapt to the changing financial situation with minimum impact to the quality of education for our students

### **Parents**

- Improve the quality and type of communication with parents.
- Focus on targeted parents to keep children stay safe; behave better; attend more frequently; complete homework more regularly and support wellbeing of students.

# **PENRYN COLLEGE**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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### **Auditor**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

A resolution proposing that Robinson Reed Layton be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 04 December 2017 and signed on its behalf by:



H Preston  
Chair

# PENRYN COLLEGE

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Penryn College has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Penryn College and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
CR Ansell	3	5
AC Bick	5	5
E Brooks	5	5
DA Hall (Resigned 6 January 2017)	0	3
MS Hunter (Accounting Officer) (Resigned 31 December 2016)	3	3
MJ Proudfoot	5	5
LJ Gooding (Resigned 13 July 2017)	4	5
RE Rawley	5	5
MS Parsons	4	5
H Preston (Chair)	4	5
J Hann (Resigned 25 April 2017)	1	3
L Overall	5	5
J Roberts	5	5
M Terry	5	5
G Harries	5	5
P Walker (Accounting Officer) (Appointed 1 January 2017)	2	2
A Barlow (Resigned 5 December 2016)	1	3
K Bate (Resigned 5 December 2016)	0	3
JM Scarlett-Davis (Resigned 28 September 2016)	0	1

Penryn College conducted its annual governance review at the meeting of the Full Governing Body on 28th September 2016. The review covered the responsibilities of each member of the governing body and the membership of each of the committees in turn. In addition, the Terms of Reference for each Committee, as well as the Governing Body, was analysed and confirmed as being correct for the coming year. This meeting completed the annual review of governance for Penryn College.

# PENRYN COLLEGE

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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The finance and premises committee is a sub-committee of the main board of trustees. Its purpose is to:

- Assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity and to provide support and guidance for all matters relating to the school premises, grounds, security and health and safety.
- To make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- Major issues will be referred to the full governing body for ratification, unless otherwise delegated.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
AC Bick	4	5
E Brooks	4	5
MS Hunter (Accounting Officer) (Resigned 31 December 2016)	2	2
RE Rawley	5	5
MS Parsons	5	5
H Preston (Chair)	1	5
L Overall	3	5
J Roberts	5	5
P Walker (Accounting Officer) (Appointed 1 January 2017)	3	3

#### Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

# **PENRYN COLLEGE**

## **GOVERNANCE STATEMENT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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The accounting officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy has delivered improved value for money during the year by:

- Regularly reviewing the functions of the College, challenging how and why services are provided and have set targets to improve performance.
- Monitoring outcomes and compare performance against similar schools.
- Promoting fair competition through tenders and quotations ensuring that goods and services are secured in the most economic and efficient way.
- Ensuring that resources are used effectively to meet the needs of the pupils.
- Planning for future placement costs of large sports facilities and ICT hardware.
- Questioning recommendations with or without financial implications to ensure the most appropriate use of school funds to benefit pupils.

The following 3 examples demonstrate the college's commitment to value for money:

- **New Catering Contract**
  - As part of the College's drive for financial efficiency and value for money, it decided not to take up a further years option available in the existing contract and went to tender for a new catering deal. Using the Litmus Organisation to run the tendering process, the school successfully selected a new catering contractor which had an improved annual return to the school and a large capital injection of cash to improve catering facilities.
- **Upgraded Telephone System**
  - The school's telephone system was outdated and the software driving it unsupported which meant should a fault occur the school would have been without a telephone system. As a result the school received quotations from 5 companies for a replacement system and emphasised that the contractor must make maximum use of existing hardware where possible. As a result, the school was able to introduce a new telephone system which was much more advanced, properly supported and utilising existing handsets which gave an economic and environmental benefit.
- **Support Staff Performance Related Pay**
  - As a drive towards efficiency and improving staff performance and value for money, the school has introduced performance related pay for all support staff. This will ensure that any member of the support staff who receives a pay rise will be able to demonstrate their achievements against objectives proving their effective contribution.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Penryn College for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.



# PENRYN COLLEGE

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and premises committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have decided to make use of the Local Authority's Responsible Officer (RO) service.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The RO delivered their schedule of work as planned and no significant issues were raised.

### **Review of effectiveness**

As accounting officer the headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the senior management team within the academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and premises committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 04 December 2017 and signed on its behalf by:

  
H Preston  
Chair

  
P Walker  
Accounting Officer

# **PENRYN COLLEGE**

## **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017**

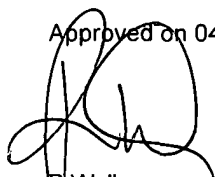
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As accounting officer of Penryn College I have considered my responsibility to notify the academy board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy's board of trustees are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2016.

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

Approved on 04 December 2017 and signed by:

  
P Walker  
Accounting Officer

# **PENRYN COLLEGE**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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The trustees (who also act as governors for Penryn College and are also the directors of Penryn College for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 04 December 2017 and signed on its behalf by:

  
H Preston  
Chair

# **PENRYN COLLEGE**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENRYN COLLEGE**

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### **Opinion**

We have audited the accounts of Penryn College for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

### **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 accounts' section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the accounts 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

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

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

# PENRYN COLLEGE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENRYN COLLEGE (CONTINUED)

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

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy'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 charitable company, 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Robinson Reed Layton*

**Mark Williams (Senior Statutory Auditor)**  
for and on behalf of Robinson Reed Layton

4 December 2017

**Chartered Accountants**  
**Statutory Auditor**

Peat House  
Newham Road  
TRURO  
Cornwall  
TR1 2DP

# **PENRYN COLLEGE**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PENRYN COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 8 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penryn College during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Penryn College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Penryn College and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Penryn College and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Penryn College's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Penryn College's funding agreement with the Secretary of State for Education dated 1 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- a review of minutes of all trustees' meetings;
- a review of items purchased with credit cards to ensure they are not used for personal benefit;
- a review of financial transactions for any unusual transactions which may be improper;
- a review of all the activities of the academy to ensure that they are in keeping with the academy's framework and the charitable objectives;
- a review of pecuniary interest forms to ensure all key staff and trustees have declared their interest in related parties, as well as discussion and testing of these forms;
- a review of expenditure to ensure it does not contravene the funding agreement; and
- a review of procurement procedures to ensure activity is in accordance with Annex 4.4 of Managing Public Money.

# PENRYN COLLEGE

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PENRYN COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Robinson Reed Layton

**Mark Williams (Senior Statutory Auditor)**

**Reporting Accountant**

Robinson Reed Layton

Dated: 04 December 2017 .

# PENRYN COLLEGE

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	4,570	-	22,174	26,744
Charitable activities:					
- Funding for educational operations	4	298,095	5,903,853	-	6,201,948
Other trading activities	5	68,829	-	-	68,829
Investments	6	13,786	-	-	13,786
<b>Total income and endowments</b>		<b>385,280</b>	<b>5,903,853</b>	<b>22,174</b>	<b>6,311,307</b>
<b>Expenditure on:</b>					
Raising funds	7	3,611	-	-	3,611
Charitable activities:					
- Educational operations	8	-	6,850,811	393,922	7,244,733
<b>Total expenditure</b>	<b>7</b>	<b>3,611</b>	<b>6,850,811</b>	<b>393,922</b>	<b>7,248,344</b>
<b>Net income/(expenditure)</b>		<b>381,669</b>	<b>(946,958)</b>	<b>(371,748)</b>	<b>(937,037)</b>
Transfers between funds		(760,958)	760,958	-	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	19	-	831,000	-	831,000
<b>Net movement in funds</b>		<b>(379,289)</b>	<b>645,000</b>	<b>(371,748)</b>	<b>(106,037)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		2,781,108	(1,925,000)	15,483,358	16,339,466
Total funds carried forward		2,401,819	(1,280,000)	15,111,610	16,233,429



# PENRYN COLLEGE

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2016		Funds	General	Fixed asset	2016
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	3,952	-	93,910	97,862
Charitable activities:					
- Funding for educational operations	4	319,165	5,906,948	-	6,226,113
Other trading activities	5	89,986	-	-	89,986
Investments	6	23,761	-	-	23,761
<b>Total income and endowments</b>		<b>436,864</b>	<b>5,906,948</b>	<b>93,910</b>	<b>6,437,722</b>
<b>Expenditure on:</b>					
Raising funds	7	5,180	-	-	5,180
Charitable activities:					
- Educational operations	8	-	6,620,664	419,073	7,039,737
<b>Total expenditure</b>	<b>7</b>	<b>5,180</b>	<b>6,620,664</b>	<b>419,073</b>	<b>7,044,917</b>
<b>Net income/(expenditure)</b>		<b>431,684</b>	<b>(713,716)</b>	<b>(325,163)</b>	<b>(607,195)</b>
Transfers between funds		(620,696)	620,696	-	-
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	19	-	(929,000)	-	(929,000)
<b>Net movement in funds</b>		<b>(189,012)</b>	<b>(1,022,020)</b>	<b>(325,163)</b>	<b>(1,536,195)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		2,970,120	(902,980)	15,808,521	17,875,661
Total funds carried forward		2,781,108	(1,925,000)	15,483,358	16,339,466

# PENRYN COLLEGE

## BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		15,072,544		15,431,446
<b>Current assets</b>					
Stocks	13	7,672		6,223	
Debtors	14	255,766		179,021	
Cash at bank and in hand		2,606,795		2,937,432	
		2,870,233		3,122,676	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(429,348)		(289,656)	
<b>Net current assets</b>			2,440,885		2,833,020
<b>Net assets excluding pension liability</b>			17,513,429		18,264,466
Defined benefit pension liability	19		(1,280,000)		(1,925,000)
<b>Net assets</b>			16,233,429		16,339,466
<b>Funds of the academy:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			15,111,610		15,483,358
- Pension reserve			(1,280,000)		(1,925,000)
<b>Total restricted funds</b>			13,831,610		13,558,358
<b>Unrestricted income funds</b>	17		2,401,819		2,781,108
<b>Total funds</b>			16,233,429		16,339,466

The accounts set out on pages 22 to 43 were approved by the board of trustees and authorised for issue on 04 December 2017 and are signed on its behalf by:

H Preston  
Chair

Company Number 07654298

# PENRYN COLLEGE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	20		(331,577)		(231,438)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		13,786		23,761	
Capital grants from DfE and ESFA		22,174		21,786	
Capital funding from sponsors and others		-		72,124	
Payments to acquire tangible fixed assets		(35,020)		(41,998)	
			940		75,673
<b>Change in cash and cash equivalents in the reporting period</b>			(330,637)		(155,765)
Cash and cash equivalents at 1 September 2016			2,937,432		3,093,197
<b>Cash and cash equivalents at 31 August 2017</b>			<u>2,606,795</u>		<u>2,937,432</u>

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

Penryn College is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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.

#### 1.1 Basis of preparation

The accounts of the academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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 (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Penryn College meets the definition of a public benefit entity under FRS 102.

#### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Income

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

##### Grants receivable

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

##### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

(Continued)

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy has provided the goods or services.

#### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's accounting policies.

### 1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

#### Governance costs

These include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 1 Accounting policies

(Continued)

##### 1.5 Tangible fixed assets and depreciation

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. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land & buildings	2% per annum on cost
Computer equipment	33% per annum on cost
Furniture & equipment	20% per annum on cost

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.

##### 1.6 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 academy 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.

##### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### 1.8 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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.

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

###### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

(Continued)

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.10 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.11 Pensions benefits

Retirement benefits to employees of the academy 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 academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 changes, 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 the 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. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### 1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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#### 2 Critical accounting estimates and areas of judgement

Accounting 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 academy 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

#### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	22,174	22,174	21,786
Other donations	4,570	-	4,570	76,076
	<u>4,570</u>	<u>22,174</u>	<u>26,744</u>	<u>97,862</u>



# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 4 Funding for the academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	5,207,218	5,207,218	5,231,989
Other DfE / ESFA grants	-	452,549	452,549	485,715
National College grants	-	6,000	6,000	-
	-	5,665,767	5,665,767	5,717,704
<b>Other government grants</b>				
Local authority grants	-	178,615	178,615	121,937
Special educational projects	-	32,012	32,012	32,040
	-	210,627	210,627	153,977
<b>Other funds</b>				
Other incoming resources	298,095	27,459	325,554	354,432
<b>Total funding</b>	298,095	5,903,853	6,201,948	6,226,113

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	55,829	-	55,829	50,653
Other income	13,000	-	13,000	39,333
	68,829	-	68,829	89,986

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	13,786	-	13,786	23,761

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 7 Expenditure

	Staff costs £	Premises costs £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	3,611	3,611	5,180
Academy's educational operations					
- Direct costs	4,181,255	-	565,915	4,747,170	4,631,344
- Allocated support costs	1,171,593	1,045,402	280,568	2,497,563	2,408,393
	<u>5,352,848</u>	<u>1,045,402</u>	<u>850,094</u>	<u>7,248,344</u>	<u>7,044,917</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	3,000	3,450
- Other services	2,750	3,025
Operating lease rentals	109,812	110,535
Depreciation of tangible fixed assets	393,922	419,073
Net interest on defined benefit pension liability	40,000	35,000

### 8 Charitable activities

	2017 £	2016 £
<b>All from restricted funds:</b>		
Direct costs - educational operations	4,747,170	4,631,344
Support costs - educational operations	2,497,563	2,408,393
	<u>7,244,733</u>	<u>7,039,737</u>

	2017 £	2016 £
<b>Analysis of support costs</b>		
Support staff costs	1,171,593	1,003,121
Depreciation and amortisation	393,922	419,073
Technology costs	46,412	56,113
Premises costs	593,416	586,524
Other support costs	288,958	338,997
Governance costs	3,262	4,565
	<u>2,497,563</u>	<u>2,408,393</u>

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 9 Staff costs

	2017 £	2016 £
Wages and salaries	4,098,372	3,967,487
Social security costs	370,142	306,581
Operating costs of defined benefit pension schemes	775,945	659,570
Apprenticeship levy	2,263	-
Staff costs	5,246,722	4,933,638
Supply staff costs	76,141	35,832
Staff development and other staff costs	29,985	36,667
Total staff expenditure	5,352,848	5,006,137

### Staff numbers

The average number of persons employed by the academy during the year was as follows:

	2017 Number	2016 Number
Teachers	70	65
Administration and support	98	65
	168	130

### Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	3	2
£100,000 - £110,000	-	1

### Key management personnel

The key management personnel of the academy comprise the trustees and the headteacher, deputy headteachers and director of business development and operations included within the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £296,541 (2016: £352,638).

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 10 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £Nil (2016: £645) were reimbursed to nil trustees (2016: 3 trustees).

The value of trustees' remuneration was as follows:

MS Hunter (headteacher):

- Remuneration £40,000 - £45,000 (2016: £105,000 - £110,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £15,000 - £20,000)

AC Bick (staff):

- Remuneration £35,000 - £40,000 (2016: £35,000 - £40,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

GJ Harries (staff):

- Remuneration £25,000 - £30,000 (2016: £30,000 - £35,000)
- Employer's pension contributions £Nil - £5,000 (2016: £Nil - £5,000)

Other related party transactions involving the trustees are set out within the related parties note.

#### 11 Trustees and officers insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £439 (2016: £444).

#### 12 Tangible fixed assets

	Leasehold land & buildings	Computer equipment	Furniture & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2016	17,124,780	464,791	286,003	17,875,574
Additions	-	9,000	26,020	35,020
At 31 August 2017	17,124,780	473,791	312,023	17,910,594
<b>Depreciation</b>				
At 1 September 2016	1,769,562	442,943	231,623	2,444,128
Charge for the year	342,496	24,178	27,248	393,922
At 31 August 2017	2,112,058	467,121	258,871	2,838,050
<b>Net book value</b>				
At 31 August 2017	15,012,722	6,670	53,152	15,072,544
At 31 August 2016	15,355,218	21,848	54,380	15,431,446

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

<b>13</b>	<b>Stocks</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	School uniform	7,672	6,223
		<u>          </u>	<u>          </u>
<b>14</b>	<b>Debtors</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Trade debtors	31,029	32,438
	VAT recoverable	11,993	8,762
	Prepayments and accrued income	212,744	137,821
		<u>          </u>	<u>          </u>
		255,766	179,021
		<u>          </u>	<u>          </u>
<b>15</b>	<b>Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Trade creditors	67,681	63
	Other taxation and social security	92,563	93,222
	Other creditors	77,501	77,543
	Accruals and deferred income	191,603	118,828
		<u>          </u>	<u>          </u>
		429,348	289,656
		<u>          </u>	<u>          </u>
<b>16</b>	<b>Deferred income</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Deferred income is included within:		
	Creditors due within one year	164,464	54,760
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2016	54,760	81,970
	Released from previous years	(54,760)	(81,970)
	Amounts deferred in the year	164,464	54,760
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2017</b>	<b>164,464</b>	<b>54,760</b>
		<u>          </u>	<u>          </u>

Included within deferred income of £164,464 (2016: £54,760) are the following balances; £Nil (2016: £27,922) in respect ESFA rates relief; £100,000 (2016: £Nil) in respect of academy conversion grants received; £6,000 (2016: Nil) in respect of other grants received; £39,790 (2016: £22,665) in respect of School Trips and £18,674 (2016: £4,173) in respect of deposits received for courses Penryn College are organising in 2017/18.

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant	-	5,207,218	(5,968,176)	760,958	-
Other DfE / ESFA grants	-	458,549	(458,549)	-	-
Other government grants	-	210,627	(210,627)	-	-
Other restricted funds	-	27,459	(27,459)	-	-
Funds excluding pensions	-	5,903,853	(6,664,811)	760,958	-
Pension reserve	(1,925,000)	-	(186,000)	831,000	(1,280,000)
	(1,925,000)	5,903,853	(6,850,811)	1,591,958	(1,280,000)
<b>Restricted fixed asset funds</b>					
Transferred on conversion	15,355,219	-	(342,497)	-	15,012,722
DfE / ESFA capital grants	48,473	22,174	(32,059)	-	38,588
Capital expenditure from GAG	11,584	-	(11,584)	-	-
Local Authority capital grant	68,082	-	(7,782)	-	60,300
	15,483,358	22,174	(393,922)	-	15,111,610
<b>Total restricted funds</b>	<b>13,558,358</b>	<b>5,926,027</b>	<b>(7,244,733)</b>	<b>1,591,958</b>	<b>13,831,610</b>
<b>Unrestricted funds</b>					
General funds	2,781,108	385,280	(3,611)	(760,958)	2,401,819
<b>Total funds</b>	<b>16,339,466</b>	<b>6,311,307</b>	<b>(7,248,344)</b>	<b>831,000</b>	<b>16,233,429</b>

The specific purposes for which the funds are to be applied are as follows:

*Restricted general funds* - The restricted general fund includes grants receivable from the Education & Skills Funding Agency and the Department for Education towards the principal activity of the academy, being the provision of education.

*Restricted fixed asset funds* - The restricted fixed asset fund includes the leasehold property and furniture and equipment transferred to Penryn College on 1 July 2011 and Education & Skills Funding Agency grants which have been received. The fund is being reduced by the depreciation in the period.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	8,020	5,231,989	(5,860,705)	620,696	-
Other DfE / ESFA grants	-	485,715	(485,715)	-	-
Other government grants	-	153,977	(153,977)	-	-
Other restricted funds	-	35,267	(35,267)	-	-
	<u>8,020</u>	<u>5,906,948</u>	<u>(6,535,664)</u>	<u>620,696</u>	<u>-</u>
Funds excluding pensions	8,020	5,906,948	(6,535,664)	620,696	-
Pension reserve	(911,000)	-	(85,000)	(929,000)	(1,925,000)
	<u>(902,980)</u>	<u>5,906,948</u>	<u>(6,620,664)</u>	<u>(308,304)</u>	<u>(1,925,000)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	15,723,290	-	(368,071)	-	15,355,219
DfE / ESFA capital grants	48,311	21,786	(21,624)	-	48,473
Capital expenditure from GAG	36,920	-	(25,336)	-	11,584
Local Authority capital grant	-	72,124	(4,042)	-	68,082
	<u>15,808,521</u>	<u>93,910</u>	<u>(419,073)</u>	<u>-</u>	<u>15,483,358</u>
<b>Total restricted funds</b>	<u>14,905,541</u>	<u>6,000,858</u>	<u>(7,039,737)</u>	<u>(308,304)</u>	<u>13,558,358</u>
<b>Unrestricted funds</b>					
General funds	<u>2,970,120</u>	<u>436,864</u>	<u>(5,180)</u>	<u>(620,696)</u>	<u>2,781,108</u>
<b>Total funds</b>	<u>17,875,661</u>	<u>6,437,722</u>	<u>(7,044,917)</u>	<u>(929,000)</u>	<u>16,339,466</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	15,072,544	15,072,544
Current assets	2,831,167	-	39,066	2,870,233
Creditors falling due within one year	(429,348)	-	-	(429,348)
Defined benefit pension liability	-	(1,280,000)	-	(1,280,000)
	<u>2,401,819</u>	<u>(1,280,000)</u>	<u>15,111,610</u>	<u>16,233,429</u>

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	15,431,446	15,431,446
Current assets	3,070,764	-	51,912	3,122,676
Creditors falling due within one year	(289,656)	-	-	(289,656)
Defined benefit pension liability	-	(1,925,000)	-	(1,925,000)
	<u>2,781,108</u>	<u>(1,925,000)</u>	<u>15,483,358</u>	<u>16,339,466</u>

### 19 Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2016.

Contributions amounting to £77,501 (2016: £77,543) were payable to the schemes at 31 August 2017 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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. 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. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.



# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £438,215 (2016: £434,680).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust 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 contributions are as noted below. The agreed contribution rates for future years are 16.3% for employers and 5.5% - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £198,000.

The academy has entered into an agreement with the LGPS trustees to make additional annual contributions totalling £142,400 in addition to normal funding levels, over a period of 3 years, in order to bridge the scheme deficit.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2017 £	2016 £
Employer's contributions	194,000	176,000
Employees' contributions	55,000	51,000
Total contributions	249,000	227,000

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	2.5	4.1
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.0

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

	2017 Years	2016 Years
Retiring today		
- Males	22.1	22.2
- Females	24.5	24.4
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.4	26.8

#### Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 August 2017:

0.5% decrease in Real Discount Rate - 13% approximate increase to Employer Liability equating to approximately £503,000.

0.5% increase in the Salary Increase Rate - 2% approximate increase to Employer Liability equating to approximately £66,000.

0.5% increase in the Pension Increase Rate - 11% approximate increase to Employer Liability equating to approximately £430,000.

The academy's share of the assets in the scheme	2017 Fair value £	2016 Fair value £
Equities	1,286,000	1,187,000
Bonds	1,177,000	1,063,000
Property	192,000	173,000
Other assets	82,000	49,000
Total market value of assets	2,737,000	2,472,000
Actual return on scheme assets - gain/(loss)	57,000	229,000

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations		(Continued)
Amounts recognised in the statement of financial activities	2017 £	2016 £
Current service cost	340,000	226,000
Interest income	(51,000)	(80,000)
Interest cost	91,000	115,000
Total operating charge	380,000	261,000
Changes in the present value of defined benefit obligations	2017 £	2016 £
Obligations at 1 September 2016	4,397,000	3,005,000
Current service cost	340,000	226,000
Interest cost	91,000	115,000
Employee contributions	55,000	51,000
Actuarial (gain)/loss	(825,000)	1,078,000
Benefits paid	(41,000)	(78,000)
At 31 August 2017	4,017,000	4,397,000
Changes in the fair value of the academy's share of scheme assets	2017 £	2016 £
Assets at 1 September 2016	2,472,000	2,094,000
Interest income	51,000	80,000
Actuarial gain	6,000	149,000
Employer contributions	194,000	176,000
Employee contributions	55,000	51,000
Benefits paid	(41,000)	(78,000)
At 31 August 2017	2,737,000	2,472,000

# PENRYN COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 20 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £	2016 £
Net expenditure for the reporting period	(937,037)	(607,195)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(22,174)	(93,910)
Investment income receivable	(13,786)	(23,761)
Defined benefit pension costs less contributions payable	146,000	50,000
Defined benefit pension net finance cost	40,000	35,000
Depreciation of tangible fixed assets	393,922	419,073
(Increase)/decrease in stocks	(1,449)	3,001
(Increase) in debtors	(76,745)	(1,070)
Increase/(decrease) in creditors	139,692	(12,576)
<b>Net cash used in operating activities</b>	<b>(331,577)</b>	<b>(231,438)</b>

### 21 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	93,327	118,488
Amounts due in two and five years	10,857	100,830
	<u>104,184</u>	<u>219,318</u>

### 22 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

*B Harries* - daughter of G Harries, a trustee. Transactions totalling £47,321 (2016: £44,959) relating to employment as a teacher (including employer's pension contributions) took place in the year. There were £Nil amounts outstanding at 31 August 2017 (2016: £Nil). In entering into the transaction the academy trust has complied with the requirements of the ESFA's Academies Financial Handbook.

*A Walker* - wife of P Walker, a trustee. Transactions totalling £29,702 (2016: £Nil) relating to employment as a teacher (including employer's pension contributions) took place in the year. There were £Nil amounts outstanding at 31 August 2017 (2016: £Nil). In entering into the transaction the academy trust has complied with the requirements of the ESFA's Academies Financial Handbook.

# **PENRYN COLLEGE**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2017***

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### **23 Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.