

TRURO & PENWITH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

Company Registration No. 08880841 England and Wales



TRURO & PENWITH ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditor's report on the accounts	20 - 21
Independent reporting accountant's report on regularity	22 - 23
Statement of financial activities including income and expenditure account	24 - 25
Balance sheet	26
Statement of cash flows	27
Notes to the accounts including accounting policies	28 - 56

TRURO & PENWITH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mrs ME Winser MBE, MA(Cantab), DL (Chair)
Dr J Blunden BSc(Hons), PhD, PGCE (Accounting Officer)
Mr D Allison MA (Oxon) (Resigned 27 March 2017)
Mr R Crossland (Representative of Truro and Penwith College
(Corporate Trustee))
Mrs SJ Dickinson BA(Hons), FCA
Mrs A Firth BA
Prof. AG Livingston CBE, FCSD (Vice Chair)
Mr MF Osterfield (Resigned 6 September 2016)
Mrs S Roby BSc(Hons), PgDipSurv, MRICS
Mr DAJ Walrond MA, MBA, PGCE
Mr D Williams JP, MA
Mr PJ Wroe ACMA

Members

Mr DAJ Walrond MA, MBA, PGCE
Mrs SJ Dickinson BA(Hons), FCA
Mr R Crossland Truro and Penwith College (Corporate Member)
Mrs ME Winser MBE, MA(Cantab), DL

Senior management team

- Accounting and Chief Executive Officer	Dr J Blunden BSc(Hons), PhD, PGCE
- Finance Director	Mrs SJ Dickinson BA(Hons), FCA
- Chief Financial Officer	Mrs J Brinson BA(Hons) CPFA

Company secretary

Mrs AJ Winter BSc (Hons)

Company registration number

08880841 (England and Wales)

Principal address

Finance Department
College Road
TRURO
Cornwall
TR1 3XX

Registered office

Finance Department
College Road
TRURO
Cornwall
TR1 3XX

TRURO & PENWITH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated	Location	Principal
Pendeen School	Pendeen	Mr R Larter BA, Cert Ed FPSC
St Ives School	St Ives	Ms J Woodhouse BSc(Hons), PGCE, NPQH
St Dennis Primary Academy	St Dennis	Miss J Harvey BA, BEd(Hons)
St Just Primary School	St Just	Mrs J Larter BA, Cert Ed, NPQH
Kehelland Village School	Kehelland	Mr G Smith BA(Hons), PGCE, NPQH
Mithian School	Mithian	Mrs L Garbett BEd(Hons), NPQH
Blackwater Community Primary School	Blackwater	Mr C Wilson BSc, PGCE
Perranporth Community Primary School	Perranporth	Mr A Johnson BA(Hons), NPQH
Chacewater Community Primary School	Chacewater	Mr C Gould BA(Hons), NPQH
Threemilestone School	Threemilestone	Mrs M Dickens BA(Hons), PGCE (to 18 November 2016), Mr D Hick (from 19 November 2016 to 17 April 2017) & Ms S Teagle BMus (Hons) (from 18 April 2017)
Roche Community Primary School	Roche	Mr J Walden BA(Hons)
St Erth Community Primary School	St Erth	Mrs N Rogers BEd(Hons), NPQH
Nancledra Primary School	Nancledra	Mr R Gill BA(Hons), PGCE, NPQH
Alverton Primary School	Penzance	Mr M Higgs BA(Hons), PGCE, NPQH
Newlyn School	Newlyn	Mrs A Whitney BEd, NPQH
Pensans Community Primary School	Penzance	Ms A Clay BA(Hons), QTS
Kennall Vale School	Ponsanooth	Mrs L Northern BEd(Hons), NPQH
Independent auditor	Robinson Reed Layton Peat House Newham Road TRURO Cornwall TR1 2DP	
Bankers	Lloyds Bank Plc 7 Boscawen Street TRURO Cornwall TR1 2QT	
Solicitors	Michelmores LLP Woodwater House Pynes Hill EXETER Devon EX2 5WR	

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates 16 primary schools and 1 secondary school in Cornwall. These schools have a combined pupil capacity of 3,678 and had a roll of 3,330 in the census for January 2017. The Trust has grown during this period from 13 to 17 schools, welcoming 4 convertor schools bringing extensive skills and capacity to the Trust. This skill set aids the embedding of school improvement together with an increase in central support capacity.

Structure, governance and management

Constitution

The Trust 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 Trust.

The Trustees of Truro & Penwith Academy Trust 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

Trustees will benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not; and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees of the Trust. The limit of the indemnity is £10,000,000.

Method of recruitment and appointment or election of Trustees

The Trust shall have the following Trustees as set out in its articles of association: -

- at least 7 Trustees appointed by Truro and Penwith College;
- up to two Local Governing Body Trustees appointed by the Trustees;
- the Chief Executive Officer;
- a minimum of 2 Parent Trustees (unless there are Local Governing Bodies which include at least two Parent members);
- The Trust may also have any co-opted Trustee appointed by the Trustees. (A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Trust would exceed one third of the total number of Trustees including the Chief Executive Officer).

The term of office for any Trustee shall be four years except that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee may 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 Trust's development.

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets and other documents that they will need to undertake their role as Trustees.

Organisational structure

The Trust is comprised of and governed by: -

The Members who guarantee the liabilities of the Trust and review its strategic direction.

The Board of Trustees who are responsible for, and oversee, the management and administration of the Trust and the schools run by the Trust. The Board normally meets once each term. The Board establishes an overall framework for the governance of the Trust and determines responsibilities, terms of reference and procedures for its sub-committees. It receives reports including policies from sub-committees for ratification. It monitors the activities of the committees through the minutes of their meetings.

There are two main sub-committees which meet termly 1) Finance, Employment and Audit, and 2) Curriculum and Standards.

The Remuneration Committee meets once a year to establish a pay policy which sets out clearly the basis on which decisions about pay progression for the Headteachers, senior employees and leaders in the Trust will be determined.

Local Governing Bodies are in place for each school within the Trust who are responsible for, subject to the provisions of the Scheme of Delegation, the day-to-day management and administration of each respective school.

A Scheme of Delegation has been approved detailing the relative responsibilities of the Board of Trustees, its sub-committees and Local Governing Bodies. The Scheme of Delegation provides clarity to Local Governing Bodies on the extent of their rights, responsibilities, authority and powers and provides the framework within which they interact and work with the other governance aspects of the Trust.

The Trustees have devolved responsibility for the day to day management of the Trust to the Chief Executive, Finance Director and Local Governing Bodies.

The Chief Executive is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trust has established a Remuneration Committee which meets once a year and comprises the Vice Chair of the Board of Directors, the Chair of the Finance Employment and Audit Committee and the Chair of the Curriculum and Standards Committee. The key responsibility of this committee is: -

To establish a pay policy which sets out clearly the basis on which decisions about pay progression for the Headteachers, senior employees and leaders in the Trust will be determined, including:

- Considering and determining the annual performance-related pay progression increases and other terms and conditions of the Headteachers, taking account of budgetary implications.
- Considering and determining the annual pay and other terms and conditions of the senior employees and leaders in the Trust, taking account of budgetary implications.
- Establishing procedures for determining appeals against pay determinations.
- Keeping the pay policy under regular review.
- Dealing with any other matters referred to the Committee by the Board of Directors relating to the remuneration, terms and conditions of the Headteachers, senior employees and leaders.

All the Trustees give their time freely.

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Related parties and other connected charities and organisations

Truro and Penwith Academy Trust is sponsored by Truro and Penwith College. The role of the sponsor is to share its educational experience, develop the educational vision for the Trust and support and assist the Trust and its schools.

Truro and Penwith College is a designated Teaching School which provides, but not exclusively, improvement services and training to the Trust.

Related party transactions are detailed in Note 23 to the accounts.

Objectives and activities

Objects and aims

The principal object of the Trust is specifically restricted to the following:

- 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 schools offering a broad and balanced curriculum appropriate to the needs of its pupils and students.

The principal aim of the Trust is:

- to improve teaching and learning for all, to enable all children and young people to have the best possible learning experience, leading to the highest levels of achievement.

Objectives, strategies and activities

The Trust pursues fulfilment of its vision and mission by focusing on core strategic objectives measured consistently and annually against a set of core data baselines. These objectives are:

- Expect outstanding academic achievement and success.
- Set aspirational targets for all.
- Every aspect of school life engages & inspires our children.
- Consistently outstanding leadership with high expectations & rigorous challenge.

These strategic objectives will be achieved through effective leadership across the Trust through the following:

- Trust development plan monitored and reported to the Board of Directors.
- Headteachers Group for geographic hub leaders and Headteachers with school clusters where the leaders in each school come together to share performance data, report on development objectives, discuss issues, plan strategies.
- Specialist Lead Schools where leaders and teachers across the schools build key relationships and contacts to enhance their support and peer network.
- Local Governing Body (LGB) Chairs Forum where the chairs of each LGB meet together once a term to discuss a range of issues.
- LGB Clerks Forum where the clerks to each LGB meet together once a term to discuss a range of issues.

The key priorities for 2017/18 are:

- Focus on improving attainment and progress in Mathematics, especially with girls;
- Focus on improving early development goals in speech and language development to improve literacy;
- To support disadvantaged students to achieve, building resilience and self belief;
- To support the more able to achieve – especially the more able disadvantaged students;
- To develop the secondary phase peer enquiry improvement model working with sub regional partners;
- To develop the Hub professional networks to engage teachers and leaders in enquiry based development; and
- To pilot the new Trust governance model and review.

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Public benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties.

Strategic report

Achievements and performance

The improvement priorities for schools within the Trust for the period were:

Target Area 1 Outcomes for Children:

- Improve Pupil Premium pupil's progress and attainment;
- Improve SEND pupil's progress by more effective teaching, intervention and support;
- Improve attainment and progress in KS2 English by more effective teaching of writing, spelling and grammar;
- Improve attainment and progress in KS2 Mathematics by developing Mastery; and
- Improve attainment of GLD in Early Years Foundation Stage by more effective teaching and parental engagement.

Target Area 2 Leadership and Management

- Head teachers performance reviews completed by 1st December and linked to Trust and School Development Plan objectives;
- All primary Head teachers participate fully in School & Headteacher Improvement Partnership clusters 16-17;
- To improve Leadership & Management in schools through development activities to experience good and outstanding leadership in other settings; and
- To develop a secondary improvement model based on peer support and challenge with external reference.

Target Area 3 Teaching, Learning and assessment

- All schools to agree assessment principles and implement consistent practice; and
- All schools to develop teaching practice through professional development of teachers.

Target Area 4 Personal development, Behaviour and Welfare

- All schools to improve attendance through close monitoring by leaders, teachers and support staff;
- Safeguarding software CPOMs to be shared across all schools; and
- Student resilience to improve through greater opportunity to articulate opinions developing values and virtues in school.

The tables following provide contextual information for each of our schools and a summary of the summative attainment and progress data. It is noted that 4 schools joined the Trust at two points during the period, (dates in note 26).

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Primary Phase Summary

During 2016-17 the Trust grew in the summer when the Penlee MAT ceased to operate and joined the Trust as three individual schools. These schools are situated in the coastal towns of Penzance and Newlyn, with high levels of deprivation when considering IDACI and IMD measures. A summary of school context is provided for information.

School Context Summary

	IDACI 2016		IMD 2016	
	0-30% most deprived LSOAs School	0-30% most deprived LSOAs Cornwall	0-30% most deprived LSOAs School	0-30% most deprived LSOAs Cornwall
St Ives School	17%	21%	36%	31%
St Dennis Academy	68%	22%	69%	32%
Pendeen School	82%	22%	83%	32%
Blackwater School	5%	22%	7%	32%
Mithian School	0%	22%	1%	32%
St Just School	11%	22%	58%	32%
Perranporth School	1%	22%	1%	32%
Kehelland Village School	22%	22%	33%	32%
Threemilestone School	3%	22%	8%	32%
Chacewater School	1%	22%	10%	32%
Nancledra School	4%	22%	20%	32%
St Erth School	16%	22%	17%	32%
Roche School	48%	22%	97%	32%
Kennall Vale School	5%	22%	4%	32%
Pensans School*	66%	22%	82%	32%
Alverton School*	46%	22%	64%	32%
Newlyn School*	58%	22%	71%	32%

Key:

Lower Super Output Areas (LSOAs)

Index of Multiple Deprivation (IMD)

Income Deprivation Affecting Children Index (IDACI)

* previously Penlee MAT schools

Across the Trust, school performance is in line with national performance measures with strong performance in reading at end of Key Stage 2 and weaker performance in mathematics. Schools supported in reading and mathematics during 2016-17 have improved their performance, in particular Mithian School and Perranporth School.

Where schools are causing concern, additional monitoring and support is in place for academic year 2017-18. Continued collaboration with the CODE Maths Hub (Cornwall and West Devon) and Cornwall Teaching School is supporting school leadership and teacher development. Primary Executive Leads monitor all primary schools regularly and report to the Chief Executive and Trustees.

Of particular concern is the performance in mathematics and for disadvantaged pupils which continues to be a priority in 2017-18. Additional capacity and expertise from across the Trust is being utilised at Hub level to support specialist subject networks in Maths, English, SEND and Early Years. Trustees monitor the impact of school improvement support regularly and will receive reports from Hub Review Groups during 2017-18.

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Primary Phase - Attainment and Progress Data

	KS2 tests								
	NOR	Reading	Reading Progress	Writing (TA)	Writing Progress	GPS score	Maths	Math Progress	Combined WRM
Truro Hub									
Blackwater School	14	79	-1	79	-3.9	106	57	-3.1	50
Chacewater School	21	76	-0.4	95	3.2	107	95	2.4	76
Kehelland School	15	87	1.2	80	0.8	107	77	1	70
Kennall Vale School	14	85	4.3	86	2.1	103	50	-2.5	43
Mithian School	15	93	3.1	93	1.9	106	73	-0.6	67
Perranporth School	30	90	0.7	90	0.7	102	87	0.5	80
Threemilestone School	61	75	0.8	75	-0.5	106	75	-0.4	62
Bodmin/Clay Hub									
St Dennis Academy	30	TBC	TBC	80	4.7	104	TBC	TBC	TBC
Roche School	30	53	-2.9	47	-4.5	100	50	-4.5	40
Penwith Hub									
Nancledra School	15	100	4.1	100	3.9	114	100	6.7	100
Newlyn School	20	80	-0.8	55	-0.7	103	65	-1.3	50
Pendeen School	12	66	-0.1	75	1.8	101	33	-5.2	33
Pensans School	41	63	-0.3	61	0	102	54	-2.3	41
St Erth School	16	69	1.6	69	0.8	104	56	-0.5	50
St Just School	30	70	2.3	87	5.5	104	73	1.8	63
Alverton School	39	77	-0.5	87	2.2	106	92	4.3	74
TPAT	403	76	0.8	77	1	105	72	-0.1	61
Disadvantaged	30	57	-0.9	57	-0.8		53	-1.5	39
National		71	0	76	0	106	75	0	61
Key									

TBC = Incomplete data

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Secondary Phase Summary

The secondary phase has continued to perform well, with school attainment and progress in the proportion of students achieving in English and mathematics exceeding national measures. St Ives School is significantly above the national measure for achievement at Grade 5 - 9 in English and maths. Secondary data analysis demonstrates strong achievement and attainment by disadvantaged students and those with special educational needs and disabilities when compared to national measures.

St Ives School achieved an Ofsted Good judgement in January 2017 and was recognised as having Outstanding leadership and management. An extract from the report states 'Pupils now make better progress overall than pupils nationally. Pupils of all abilities make good progress; no group is left behind. Disadvantaged pupils make similar progress to other pupils nationally.'

Growth in secondary phase during 2017-18 with Hayle Academy joining in November 2017 will provide additional capacity for alignment and support of secondary phase.

Secondary Phase

St Ives School - Attainment and Progress Data

Cohort		% 5+ GCSE A* - C (inc Eng and Math 9 - 4/5)						% achieved EBacc	Attainment 8 (44.2 NA)	Progress 8 (0 NA)
		All	Disadv	Non Disadv	SEND	Male	Female			
120	Standard Pass 4+	68 (63 NA)	61	70	39	63	69	9	48	0.04
	Strong Pass 5 +	49 (39 NA)	42	51	11	41	54			

Going concern

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

Financial review

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

The majority of the Trust's income is derived from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2017 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The financial position is increasingly pressured as a result of changes in both local and national funding together with increasing costs relating to pay, national insurance and pension contributions. This has resulted in a number of the Trust's schools using reserves to meet operational costs which is not sustainable in the long term. The schools are making budget reductions to match funding levels, however this is challenging as a large proportion of costs are staff related.

The academy also receives 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 useful life of the assets concerned.

The academy's results show surpluses/ (deficits) before unrealised defined benefit pension scheme gains and losses and transfers of:

Restricted £5,896,775

Unrestricted £906,777

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and to ensure sufficiency of resource to meet monthly outgoings. Reserves are held for reinvestment in individual schools, for specific capital projects, curriculum investment and to mitigate the impact of reductions to funding.

The Trustees consider the financial period end position of £28,347,342 (2016: £19,181,790) comprising £30,574,204 (2016: £21,935,660) of restricted fixed asset funds, £(3,989,119) (2016: £(4,221,000)) of restricted funds and £1,762,257 (2016: £1,467,130) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(4,008,000) (2016: £(4,221,000)) and general restricted funds of £18,881 (2016: £Nil).

The level of free reserves held by the academy are £1,762,257 (2016: £1,467,130).

The academy has entered into an agreement with the LGPS Trustees to make additional annual contributions totalling £258,800 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 LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Investment policy and powers

The cash balances held by the Trust are invested in interest earning bank accounts.

Principal risks and uncertainties

The principal risks facing the Trust are:

- the financial impact of future changes to funding levels from the DfE;
- a decrease in pupil numbers;
- failure to meet academic targets; and
- impact of National Funding Formula.

Mitigating actions have been identified to address these risks.

However, managing the impact of funding changes together with cost increases is challenging as a large proportion of school costs are staff related.

Financial and risk management objectives and policies

The financial risk register is set out in the Trust's financial procedures. These procedures examine the key risks and proposed actions to mitigate the impact of these risks.

Plans for future periods

Sennen School joined the Trust on 1st September 2017 and Mousehole School and Hayle Secondary School (to become Hayle Academy) joined on 1st November 2017.

The Trust is also in discussion with a number of other schools about joining the Trust. The Trust is aiming to develop a cross-phase hub model broadly associated with the centres of operation of Truro and Penwith College.

Funds held as custodian trustee on behalf of others

The Trust and its Trustees do not act as the Custodian Trustees of any other charity.

TRURO & PENWITH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the Company Directors, on 06 December 2017 and signed on its behalf by:



Mrs ME Winser MBE, MA(Cantab), DL

Chair

TRURO & PENWITH ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Truro & Penwith Academy Trust 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 Chief Executive 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 Truro & Penwith Academy Trust and the Secretary of State for Education. The Accounting Officer is 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 three times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs ME Winsor (Chair)	3	3
Dr J Blunden (Accounting Officer)	3	3
Mr D Allison (Resigned 27 March 2017)	2	2
Mr R Crossland (Representative of Truro and Penwith College (Corporate Trustee))	3	3
Mrs SJ Dickinson	3	3
Mrs A Firth	3	3
Prof. AG Livingston (Vice Chair)	3	3
Mr MF Osterfield (Resigned 6 September 2016)	0	0
Mrs S Roby	3	3
Mr DAJ Walrond	3	3
Mr D Williams	3	3
Mr PJ Wroe	3	3

The Board completed an evaluation of its effectiveness in 2016/17. It was decided for 2017/18 to move to a single committee structure, with the Board meeting each half term, merging the Board responsibilities with those of the two sub committees into the board. To recognise the need for separate scrutiny an Audit Committee has been established from September 2017 in line with the governance review. Since the year end the Board has identified an individual with primary expertise and it is expected that they will join the Board in 2017/2018.

TRURO & PENWITH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Finance, Employment and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is:

- To consider and advise the Board on all aspects of the Trust's finances, financial policies, controls and strategy.
- To monitor and advise the Board on all aspects of the Trust's personnel strategy, including recruitment policies, health and safety, the promotion of equality and diversity, and staff development activities.
- To advise the Board on the adequacy and effectiveness of the Trust's internal control systems, and its arrangements for risk management, control, governance processes and value for money.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs ME Winsor	2	3
Dr J Blunden (Accounting Officer)	3	3
Mr D Allison (Resigned 27 March 2017)	2	2
Mrs SJ Dickinson	3	3
Prof. AG Livingston	3	3
Mrs S Roby	2	3
Mr D Williams	1	1
Mr PJ Wroe (Chair)	3	3

TRURO & PENWITH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Curriculum and Standards Committee is a sub-committee of the main Board of Trustees. Its purpose is:

- To consider and advise the Board of Directors on the educational character and mission of the Trust and to monitor its activities.
- To consider and approve the Academy Development Plan and/or Curriculum Plan for each Academy.
- To review and monitor the standards and progress of each Academy against the Academy Development Plans and/or Curriculum Plan.
- To monitor pupil enrolments and achievements and other information relating to the experience of pupils in comparison with national data, relevant benchmarking and related action plans.
- To receive and consider Academy inspection reports and other external reviews and reports.
- To approve admissions policies to be implemented by each Academy.
- To approve pupil behaviour policies including arrangements for exclusions to be implemented by each Academy.
- To approve safeguarding policies to be implemented by each Academy.
- To deal with such other curriculum or learning matters as may from time to time be referred to the Committee for consideration or approval.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs ME Winser	2	3
Dr J Blunden (Accounting Officer)	3	3
Mr R Crossland (Chair)	2	3
Mrs A Firth	1	3
Mr DAJ Walrond	3	3
Mr D Williams	1	3

Review of value for money

As Accounting Officer the Chief Executive has responsibility for ensuring that the Trust 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.

The Accounting Officer considers how the Trust'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 Trust has delivered improved value for money during the year as follows:

- Use of CPC framework for purchase of additional insurance not covered by the Risk Protection Arrangement;
- New contract awarded for the provision of meals at 4 primary schools awarded following a competitive tendering process; and
- Capital projects funded by Condition Improvement Fund awarded through competitive tendering processes.

TRURO & PENWITH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Improving Educational Results

The Trust's first two schools – St Ives School (secondary) and Pendeen School (primary) - joined as sponsored academies on 1 April 2014, and a third – St Dennis Primary Academy joined as a sponsored academy on 1 September 2014. All three schools have had Ofsted Inspections during the year and they have all been graded as Good for overall effectiveness. All three were sponsored schools and improvement plans had therefore been put in place and resources directed to support them, and to support the principal aim of improving teaching and learning for all.

The Trust continues to ensure that resources are directed where they are most needed; supporting high quality teaching and leadership in all our schools. This is demonstrated by the strong performance against national measures of both secondary and primary phase. Increased capacity in Hub leadership through Primary Executive Leads in the Penwith and Truro Hubs has increased monitoring and school improvement capacity, while additional resource to support specialist subject networks and leadership at hub level has been implemented. A particular focus for all schools is to ensure the curriculum is broad and balanced, with opportunities for creativity and innovation shared.

All schools within the Trust carefully monitor Pupil Premium expenditure and its impact on improving attainment for students on Free School Meals, Children from Service Families and Looked-After Children. Use of the grant is published annually on each school's website.

Our schools offer a diverse curriculum so that all our students have the opportunity to raise their individual levels of attainment.

Financial Governance and Oversight

Financial governance and oversight is strong. The Finance Director and the Business Manager (CFO) are qualified accountants and there are two accountants on the Finance, Employment and Audit Committee. Financial assurance is further informed by termly reports from the internal auditors.

The Board of Directors approve the budget following detailed scrutiny by the Finance, Employment and Audit Committee.

The Finance, Employment and Audit Committee meet termly, where the management accounts and budget monitoring report are reviewed and discussed. In addition, the Committee considers and approves larger expenditure items in accordance with the Trust's Scheme of Delegated Authority, and ensures compliance with the Trust's tender arrangements.

The Board of Directors receives and approves the annual financial statements and the external auditor's management letter.

Better Purchasing

The Trust promotes fair competition through quotations and tenders, in accordance with its Financial Procedures Manual, to ensure that goods and services are procured in the most economic and effective way.

The Trust reviews the main service contracts for each of its schools on an annual basis to ensure that they are still fit for purpose, effective and provide best value. This review has prompted the Trust to explore alternative service providers for some of the services previously purchased from the local authority, and to purchase some services (for example legal services) only as and when required, rather than through a service contract. As the Trust grows with additional schools, buying power increases and puts the Trust in a better position to negotiate prices with existing and prospective suppliers.

Headteachers or suitably authorised senior members of staff review and sign all purchase orders on behalf of their school and regularly challenge these for economy and effectiveness.

Maximising Income Generation

The Trust explores every opportunity to generate income and seeks sponsorship and funding opportunities for specific projects.

TRURO & PENWITH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 Trust 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 Truro & Penwith Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust 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 Trust'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 financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Trust'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, Employment and Audit 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed TIAA Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- Testing of purchases and payment processes;
- Management reporting;
- Testing bank and control account reconciliations;
- Testing income; and
- Testing payroll processes.

On a termly basis, the internal auditor reports to the Board of Trustees through the Finance, Employment and Audit Committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees.

The internal auditor has delivered their schedule of work as planned, and have reported no material issues as arising as a result of the work undertaken.

TRURO & PENWITH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of effectiveness

The Accounting Officer 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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Trust 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, Employment and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 06 December 2017 and signed on its behalf by:



Mrs ME Winser MBE, MA(Cantab), DL
Chair



Dr J Blunden BSc(Hons), PhD, PGCE
Accounting Officer

TRURO & PENWITH ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of Truro & Penwith Academy Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust 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 Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust'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 06 December 2017 and signed by:



Dr J Blunden BSc(Hons), PhD, PGCE
Accounting Officer

TRURO & PENWITH ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who also act as Governors for Truro & Penwith Academy Trust and are also the Directors of Truro & Penwith Academy Trust 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 (FRS 102) 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 06 December 2017 and signed on its behalf by:



Mrs ME Winser MBE, MA(Cantab), DL
Chair

TRURO & PENWITH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRURO & PENWITH ACADEMY TRUST

Opinion

We have audited the accounts of Truro & Penwith Academy Trust 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 Trust 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 Trust'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.

TRURO & PENWITH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRURO & PENWITH ACADEMY TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trust 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 Trust'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

7 December 2017

Chartered Accountants
Statutory Auditor

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

TRURO & PENWITH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TRURO & PENWITH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 November 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 Truro & Penwith Academy Trust 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 Truro & Penwith Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Truro & Penwith Academy Trust 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 Truro & Penwith Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Truro & Penwith Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Truro & Penwith Academy Trust's funding agreement with the Secretary of State for Education dated 26 March 2014 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 year ended 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 Trust'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.

TRURO & PENWITH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TRURO & PENWITH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 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

Peat House

Newham Road

TRURO

Cornwall

TR1 2DP

Dated: 07 December 2017

TRURO & PENWITH ACADEMY TRUST

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 £
Income and endowments from:						
Donations and capital grants	3	6,322	62,696	379,372	448,390	450,320
Donations - transfer from local authority on conversion	26	219,683	(579,000)	1,647,845	1,288,528	12,319,416
Donations - transfer of existing academy into the trust	26	140,221	(952,941)	7,034,514	6,221,794	-
Charitable activities:						
- Funding for educational operations	4	547,767	13,585,761	-	14,133,528	9,196,372
Other trading activities	5	122,546	-	-	122,546	24,627
Investments	6	3,439	-	-	3,439	2,689
Total income and endowments		<u>1,039,978</u>	<u>12,116,516</u>	<u>9,061,731</u>	<u>22,218,225</u>	<u>21,993,424</u>
Expenditure on:						
Raising funds	7	36,000	-	-	36,000	-
Charitable activities:						
- Educational operations	8	97,201	14,712,495	568,977	15,378,673	9,821,187
Total expenditure	7	<u>133,201</u>	<u>14,712,495</u>	<u>568,977</u>	<u>15,414,673</u>	<u>9,821,187</u>
Net income/(expenditure)		906,777	(2,595,979)	8,492,754	6,803,552	12,172,237
Transfers between funds		(611,650)	465,860	145,790	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	2,362,000	-	2,362,000	(1,931,000)
Net movement in funds		295,127	231,881	8,638,544	9,165,552	10,241,237
Reconciliation of funds						
Total funds brought forward		1,467,130	(4,221,000)	21,935,660	19,181,790	8,940,553
Total funds carried forward		1,762,257	(3,989,119)	30,574,204	28,347,342	19,181,790

TRURO & PENWITH ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds £	General £	Fixed asset £	2016 £
Income and endowments from:					
Donations and capital grants	3	3,618	24,082	422,620	450,320
Donations - transfer from local authority on conversion	26	1,272,287	(1,300,000)	12,347,129	12,319,416
Charitable activities:					
- Funding for educational operations	4	252,345	8,944,027	-	9,196,372
Other trading activities	5	24,627	-	-	24,627
Investments	6	2,689	-	-	2,689
Total income and endowments		<u>1,555,566</u>	<u>7,668,109</u>	<u>12,769,749</u>	<u>21,993,424</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	24,406	9,415,938	380,843	9,821,187
Total expenditure	7	<u>24,406</u>	<u>9,415,938</u>	<u>380,843</u>	<u>9,821,187</u>
Net income/(expenditure)		1,531,160	(1,747,829)	12,388,906	12,172,237
Transfers between funds		(407,865)	281,829	126,036	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(1,931,000)	-	(1,931,000)
Net movement in funds		<u>1,123,295</u>	<u>(3,397,000)</u>	<u>12,514,942</u>	<u>10,241,237</u>
Reconciliation of funds					
Total funds brought forward		343,835	(824,000)	9,420,718	8,940,553
Total funds carried forward		<u>1,467,130</u>	<u>(4,221,000)</u>	<u>21,935,660</u>	<u>19,181,790</u>

TRURO & PENWITH ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	12	30,463,014	21,633,480
Current assets			
Debtors	14	866,605	1,327,646
Cash at bank and in hand		2,416,917	1,372,083
		3,283,522	2,699,729
Current liabilities			
Creditors: amounts falling due within one year	15	(1,391,194)	(930,419)
Net current assets		1,892,328	1,769,310
Net assets excluding pension liability		32,355,342	23,402,790
Defined benefit pension liability	19	(4,008,000)	(4,221,000)
Net assets		28,347,342	19,181,790
Funds of the Trust:			
Restricted funds	17		
- Fixed asset funds		30,574,204	21,935,660
- Restricted income funds		18,881	-
- Pension reserve		(4,008,000)	(4,221,000)
Total restricted funds		26,585,085	17,714,660
Unrestricted income funds	17	1,762,257	1,467,130
Total funds		28,347,342	19,181,790

The accounts set out on pages 24 to 56 were approved by the Board of Trustees and authorised for issue on 06 December 2017 and are signed on its behalf by:


Mrs ME Winser MBE, MA(Cantab), DL
Chair

Company Number 08880841

TRURO & PENWITH ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20	1,162,804		16,817	
Cash funds transferred on conversion		219,683		498,133	
		<u>1,382,487</u>		<u>514,950</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		3,439		2,689	
Capital grants from DfE and ESFA		347,579		402,985	
Capital funding from sponsors and others		31,793		19,635	
Payments to acquire tangible fixed assets		(721,144)		(407,988)	
Proceeds from sales of tangible fixed assets		680		-	
		<u>(337,653)</u>		<u>17,321</u>	
Change in cash and cash equivalents in the reporting period		<u>1,044,834</u>		<u>532,271</u>	
Cash and cash equivalents at 1 September 2016		<u>1,372,083</u>		<u>839,812</u>	
Cash and cash equivalents at 31 August 2017		<u><u>2,416,917</u></u>		<u><u>1,372,083</u></u>	

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Truro & Penwith Academy Trust 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 Trust, 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.

Truro & Penwith Academy Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust'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 Conversion to an academy trust

The conversion from state maintained schools to an Trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the maintained schools to the Trust have been valued at their fair value being a reasonable estimate of the current market values that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Truro & Penwith Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds.

Transfers from academy trusts have been accounted for in the same way as maintained schools converting to academy status, as noted above.

Further details of the transaction are set out in Note 26 and Note 27.

1.4 Income

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

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust 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 Trust's accounting policies.

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 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 exclusive of VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Trust 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

Governance costs

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

Termination benefits

Termination benefits are recognised immediately as an expense when the Academy is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.6 Tangible fixed assets and depreciation

Assets costing £500 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 other than freehold land, 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
Freehold buildings	2% per annum on cost
Computer equipment	33% per annum on cost
Furniture & equipment (including fixtures and fittings)	6.67% - 20% per annum on cost
Motor vehicles	20% per annum on cost

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Freehold land is not depreciated.

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.

1.7 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 Trust 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.

1.8 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.

1.9 Financial instruments

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

1.10 Taxation

The Trust 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 Trust 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 Trust 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 Trust.

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust 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 Trust 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 Trust 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.

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 Trust 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.

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Private sponsorship	754	-	754	-
Capital grants	-	347,579	347,579	402,985
Other donations	5,568	94,489	100,057	47,335
	<u>6,322</u>	<u>442,068</u>	<u>448,390</u>	<u>450,320</u>

Included within other donations totalling £100,057 (2016: £47,335) are capital grants from the Local Authority totalling £31,793 (2016: £Nil).

4 Funding for the Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	11,875,347	11,875,347	7,756,133
Start up grants	-	45,027	45,027	298,000
Other DfE / ESFA grants	-	1,227,480	1,227,480	627,063
	<u>-</u>	<u>13,147,854</u>	<u>13,147,854</u>	<u>8,681,196</u>
Other government grants				
Local authority grants	-	436,907	436,907	265,231
Special educational projects	-	1,000	1,000	(2,400)
	<u>-</u>	<u>437,907</u>	<u>437,907</u>	<u>262,831</u>
Other funds				
Other incoming resources	547,767	-	547,767	252,345
	<u>547,767</u>	<u>-</u>	<u>547,767</u>	<u>252,345</u>
Total funding	<u>547,767</u>	<u>13,585,761</u>	<u>14,133,528</u>	<u>9,196,372</u>

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	26,521	-	26,521	13,986
Other income	96,025	-	96,025	10,641
	<u>122,546</u>	<u>-</u>	<u>122,546</u>	<u>24,627</u>

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	3,439	-	3,439	2,689

7 Expenditure

	Staff costs £	Premises costs £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	36,000	-	-	36,000	-
Academy's educational operations					
- Direct costs	9,595,996	-	827,531	10,423,527	6,778,568
- Allocated support costs	2,035,087	1,345,570	1,574,489	4,955,146	3,042,619
	11,667,083	1,345,570	2,402,020	15,414,673	9,821,187

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	9,500	6,600
- Other services	8,450	7,150
Operating lease rentals	79,320	70,307
Depreciation of tangible fixed assets	568,557	380,843
Loss on disposal of fixed assets	420	-
Net interest on defined benefit pension liability	103,000	61,000

Central services

The Trust has provided the following central services to or on behalf of its academies during the year:

- finance including central payments system and budget and management accounts preparation;
- insurance;
- payroll and HR services;
- legal services;
- audit and accountancy;
- support from the Trust Chief Executive Officer;
- school improvement : assessment & support;
- estates : health and safety; and
- procurement advice.

The Trust charges for these services on the following basis:

- 3.5% of GAG

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

(Continued)

The amounts charged during the year were as follows:

	Total £
Pendeen School	16,369
St Ives School	104,913
St Dennis Primary Academy	28,422
St Just Primary School	25,430
Kehelland Village School	13,678
Mithian School	14,965
Blackwater Community Primary School	16,666
Perranporth Community Primary School	26,176
Chacewater Community Primary School	19,100
Threemilestone School	47,547
Roche Community Primary School	29,032
St Erth Community Primary School	14,743
Nancledra Primary School	13,414
Alverton Primary School	10,055
Newlyn School	6,002
Pensans Community Primary School	11,298
Kennall Vale School	10,009
	<u>407,819</u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	97,201	10,326,326	10,423,527	6,778,568
Support costs - educational operations	-	4,955,146	4,955,146	3,042,619
	<u>97,201</u>	<u>15,281,472</u>	<u>15,378,673</u>	<u>9,821,187</u>

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

(Continued)

	2017 £	2016 £
Analysis of support costs		
Support staff costs	2,035,087	1,124,759
Depreciation and amortisation	568,977	380,843
Technology costs	82,804	50,141
Premises costs	616,343	421,455
Other support costs	1,597,375	1,045,620
Governance costs	54,560	19,801
	<u>4,955,146</u>	<u>3,042,619</u>

9 Staff costs

	2017 £	2016 £
Wages and salaries	8,709,410	5,632,763
Social security costs	731,881	430,395
Operating costs of defined benefit pension schemes	1,918,128	1,008,812
Apprenticeship levy	14,228	-
Staff costs	<u>11,373,647</u>	<u>7,071,970</u>
Supply staff costs	226,266	144,892
Staff restructuring costs	30,921	65,504
Staff development and other staff costs	36,249	53,249
Total staff expenditure	<u>11,667,083</u>	<u>7,335,615</u>

Staff restructuring costs totalling £30,921 (2016: £65,504) comprise of redundancy costs of £4,171 (2016: £9,254) and severance payments of £26,750 (2016: £56,250).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £26,750 (2016: £56,250). Individually, the payments were £15,750 and £11,000 (2016: £9,750, £10,000 and £36,500).

Staff numbers

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

	2017 Number	2016 Number
Teachers	147	100
Administration and support	341	246
Management	16	10
	<u>504</u>	<u>356</u>

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

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	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	<u> </u>	<u> </u>

The employee benefits disclosed between £80,001 - £90,000 include an employee that has received a temporary uplift based on additional leadership responsibilities undertaken during the year.

Key management personnel

The key management personnel of the Trust comprise the Trustees and 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 Trust was £141,869 (2016: £120,174). This being the amount recharged by Truro and Penwith College included within total recharges of £234,478 (2016: £188,498) per note 23 "related party transactions". The recharge includes the remuneration of Dr J Blunden, Accounting Officer and Chief Executive Officer, 0.8 full time equivalent, whose remuneration is disclosed in note 10 "Trustees' remuneration and expenses".

10 Trustees' remuneration and expenses

One Trustee has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

Dr J Blunden (Chief Executive Officer):

- Remuneration £55,000 - £60,000 (2016: £55,000 - £60,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

During the year, travel and subsistence payments totalling £3,042 (2016: £2,299) were reimbursed or paid directly to 5 Trustees (2016: 5 Trustees).

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

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Trustees and officers insurance

From 1 April 2016 the Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

Until 31 March 2016, in accordance with normal commercial practice, the Trust purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provided cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £Nil (2016: £1,021).

12 Tangible fixed assets

	Leasehold land & buildings	Freehold buildings	Computer equipment	Furniture & equipment (including fixtures and fittings)	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2016	18,350,428	3,546,768	231,877	153,378	8,000	22,290,451
Transfer on conversion	1,643,979	6,994,694	24,220	15,154	-	8,678,047
Transfer	(1,767,496)	1,766,581	-	915	-	-
Additions	50,935	33,499	50,872	570,838	15,000	721,144
Disposals	-	-	-	-	(2,000)	(2,000)
At 31 August 2017	18,277,846	12,341,542	306,969	740,285	21,000	31,687,642
Depreciation						
At 1 September 2016	454,716	75,915	98,280	24,360	3,700	656,971
Transfer	(3,866)	3,866	-	-	-	-
On disposals	-	-	-	-	(900)	(900)
Charge for the year	352,334	101,317	82,448	28,408	4,050	568,557
At 31 August 2017	803,184	181,098	180,728	52,768	6,850	1,224,628
Net book value						
At 31 August 2017	17,474,662	12,160,444	126,241	687,517	14,150	30,463,014
At 31 August 2016	17,895,712	3,470,853	133,597	129,018	4,300	21,633,480

The net book value of land and buildings comprises:

	2017 £	2016 £
Long leaseholds (over 50 years)	17,474,662	17,895,712

In the previous year land & buildings transferred on Conversion were incorrectly classified as Leasehold land & buildings and have been re-classified in the current year.

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	462,781	972,427
Carrying amount of financial liabilities		
Measured at amortised cost	677,907	431,382

14 Debtors

	2017 £	2016 £
Trade debtors	65,729	16,955
VAT recoverable	174,704	155,259
Other debtors	165,874	-
Prepayments and accrued income	460,298	1,155,432
	866,605	1,327,646

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	318,443	189,234
Other taxation and social security	215,592	173,782
Other creditors	222,905	162,355
Accruals and deferred income	634,254	405,048
	1,391,194	930,419

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16	Deferred income	2017 £	2016 £
	Deferred income is included within:		
	Creditors due within one year	274,790	162,900
		<u>274,790</u>	<u>162,900</u>
	Deferred income at 1 September 2016	162,900	153,718
	Released from previous years	(162,900)	(153,718)
	Amounts deferred in the year	274,790	162,900
		<u>274,790</u>	<u>162,900</u>
	Deferred income at 31 August 2017	274,790	162,900
		<u>274,790</u>	<u>162,900</u>

Included within deferred income of £274,790 (2016: £162,900) are the following balances; £219,616 (2016: £74,822) in respect of Universal Infant Free School Meals funding ; £34,753 (2016: £27,244) in respect of School Trips; £2,001 (2016: £834) in respect of deposits received on hire of facilities; £Nil (2016: £60,000) in respect of Primary Academy Chain Development Grant for service development 2016 ; £16,973 (2016: £Nil) in respect of start up grant funding ; and £1,447 (2016: £Nil) in respect of Threemilestone Shells & Pebbles.

TRURO & PENWITH ACADEMY TRUST

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 £
Restricted general funds					
General Annual Grant	-	11,875,347	(12,376,815)	501,468	-
Start up grants	-	45,027	(34,646)	-	10,381
Other DfE / ESFA grants	-	1,269,539	(1,269,539)	-	-
Other government grants	-	437,907	(437,907)	-	-
Other restricted funds	-	62,696	(18,588)	(35,608)	8,500
	<u>-</u>	<u>13,690,516</u>	<u>(14,137,495)</u>	<u>465,860</u>	<u>18,881</u>
Funds excluding pensions	-	13,690,516	(14,137,495)	465,860	18,881
Pension reserve	(4,221,000)	(1,574,000)	(575,000)	2,362,000	(4,008,000)
	<u>(4,221,000)</u>	<u>12,116,516</u>	<u>(14,712,495)</u>	<u>2,827,860</u>	<u>(3,989,119)</u>
Restricted fixed asset funds					
Transferred on conversion	20,860,310	8,682,359	(464,943)	(4,312)	29,073,414
DfE / ESFA capital grants	875,333	347,579	(36,963)	4,312	1,190,261
Capital expenditure from GAG	180,896	-	(62,382)	146,787	265,301
Big Lottery Grant (Kehelland Village School)	9,457	-	(2,371)	(997)	6,089
Big Lottery Grant (St Erth School)	9,664	-	(537)	-	9,127
Local Authority Capital Grants	-	31,793	(1,781)	-	30,012
	<u>21,935,660</u>	<u>9,061,731</u>	<u>(568,977)</u>	<u>145,790</u>	<u>30,574,204</u>
Total restricted funds	<u>17,714,660</u>	<u>21,178,247</u>	<u>(15,281,472)</u>	<u>2,973,650</u>	<u>26,585,085</u>
Unrestricted funds					
General funds	1,467,130	1,039,978	(133,201)	(611,650)	1,762,257
	<u>1,467,130</u>	<u>1,039,978</u>	<u>(133,201)</u>	<u>(611,650)</u>	<u>1,762,257</u>
Total funds	<u>19,181,790</u>	<u>22,218,225</u>	<u>(15,414,673)</u>	<u>2,362,000</u>	<u>28,347,342</u>

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

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 and Skills Funding Agency and the Department for Education towards the principal activity of the multi academy trust, being the provision of education.

Restricted fixed asset funds - The restricted fixed asset fund includes the leasehold property, furniture and equipment and motor vehicles transferred to Truro & Penwith Academy Trust on 1 April 2014 and Education and Skills Funding Agency grants which have been received. The fund is being reduced by depreciation in the year.

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

A transfer of £611,650 (2016: £407,865) was made from unrestricted reserves to restricted general reserves to cover the shortfall of income over expenditure.

A transfer of £145,790 (2016: £108,361) was made from restricted general reserves to restricted fixed asset reserves being non-grant funded fixed asset additions.

TRURO & PENWITH ACADEMY TRUST

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 £
Restricted general funds					
General Annual Grant	-	7,756,133	(8,055,637)	299,504	-
Start up grants	-	298,000	(298,000)	-	-
Other DfE / ESFA grants	-	627,063	(627,063)	-	-
Other government grants	-	262,831	(262,831)	-	-
Other restricted funds	-	24,082	(6,407)	(17,675)	-
	-	8,968,109	(9,249,938)	281,829	-
Funds excluding pensions	-	8,968,109	(9,249,938)	281,829	-
Pension reserve	(824,000)	(1,300,000)	(166,000)	(1,931,000)	(4,221,000)
	(824,000)	7,668,109	(9,415,938)	(1,649,171)	(4,221,000)
Restricted fixed asset funds					
Transferred on conversion	8,820,837	12,347,129	(307,656)	-	20,860,310
DfE / ESFA capital grants	491,177	402,985	(18,829)	-	875,333
Capital expenditure from GAG	108,704	-	(53,844)	126,036	180,896
Big Lottery Grant (Kehelland Village School)	-	9,971	(514)	-	9,457
Big Lottery Grant (St Erth School)	-	9,664	-	-	9,664
	9,420,718	12,769,749	(380,843)	126,036	21,935,660
Total restricted funds	8,596,718	20,437,858	(9,796,781)	(1,523,135)	17,714,660
Unrestricted funds					
General funds	343,835	1,555,566	(24,406)	(407,865)	1,467,130
Total funds	8,940,553	21,993,424	(9,821,187)	(1,931,000)	19,181,790

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total funds analysis by academy

	Total £
Fund balances at 31 August 2017 were allocated as follows:	
Pendeen School	(2,398)
St Ives School	(16,841)
St Dennis Primary Academy	218,212
St Just Primary School	120,863
Kehelland Village School	112,918
Mithian School	180,891
Blackwater Community Primary School	46,593
Perranporth Community Primary School	105,112
Chacewater Community Primary School	32,244
Threemilestone School	243,559
Roche Community Primary School	216,317
St Erth Community Primary School	112,747
Nancledra Primary School	60,242
Alverton Primary School	41,887
Newlyn School	27,726
Pensans Community Primary School	123,320
Kennall Vale School	95,049
Central services	62,697
Total before fixed assets fund and pension reserve	1,781,138
Restricted fixed asset fund	30,574,204
Pension reserve	(4,008,000)
Total funds	28,347,342

Pendeen School is carrying a net deficit of £2,398 (2016: £42,910) on these funds because of exceptional restructuring costs and investment in resources as part of the improvement plan for the school arising in previous years. The Academy has made progress in significantly reducing the net deficit during the year.

The Trust is taking the following actions to return the School to surplus:

- careful monitoring of staffing costs
- ensuring the overall position is a surplus during the next few years to bring the reserves back into a positive position

St Ives School is carrying a net deficit of £16,841 (2016: £17,108) on these funds because of exceptional restructuring costs and investment in resources as part of the improvement plan for the school.

The Trust is taking the following actions to return the School to surplus:

- careful monitoring of staffing costs
- ensuring the overall position is a surplus during the next few years to bring the reserves back into a positive position

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Pendeen School	341,892	40,824	8,183	115,082	505,981
St Ives School	2,254,041	449,440	31,341	568,072	3,302,894
St Dennis Primary Academy	701,455	99,702	7,560	209,047	1,017,764
St Just Primary School	626,028	92,088	9,260	134,783	862,159
Kehelland Village School	326,604	38,147	4,779	84,045	453,575
Mithian School	348,968	28,474	7,591	139,474	524,507
Blackwater Community Primary School	396,473	36,499	16,325	169,983	619,280
Perranporth Community Primary School	596,409	87,944	9,948	164,440	858,741
Chacewater Community Primary School	478,959	45,630	5,443	220,927	750,959
Threemilestone School	1,159,480	135,956	16,320	384,064	1,695,820
Roche Community Primary School	673,153	116,966	8,823	137,416	936,358
St Erth Community Primary School	330,443	32,805	9,221	127,587	500,056
Nancledra Primary School	370,660	34,400	3,405	103,461	511,926
Alverton Primary School	255,586	26,466	2,552	49,027	333,631
Newlyn School	168,934	17,556	1,560	32,891	220,941
Pensans Community Primary School	302,452	51,191	4,987	34,288	392,918
Kennall Vale School	228,210	19,355	4,246	101,599	353,410
Central services	-	209,644	-	220,132	429,776
	<u>9,559,747</u>	<u>1,563,087</u>	<u>151,544</u>	<u>2,996,318</u>	<u>14,270,696</u>

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Funds analysis by academy - previous year

	Total 2016 £
Fund balances at 31 August 2016 were allocated as follows:	
Pendeen School	(42,910)
St Ives School	(17,108)
St Dennis Primary Academy	270,534
St Just Primary School	156,391
Kehelland Village School	102,086
Mithian School	167,587
Blackwater Community Primary School	61,940
Perranporth Community Primary School	84,036
Chacewater Community Primary School	73,175
Threemilestone School	237,375
Roche Community Primary School	181,746
St Erth Community Primary School	117,318
Nancledra Primary School	53,456
Central services	21,504
Total before fixed assets fund and pension reserve	1,467,130
Restricted fixed asset fund	21,935,660
Pension reserve	(4,221,000)
Total funds	19,181,790

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy - previous year

Expenditure incurred by each academy during the previous year was as follows:

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016
	£	£	£	£	£
Pendeen School	350,042	37,428	10,087	94,368	491,925
St Ives School	2,455,267	463,786	40,584	562,109	3,521,746
St Dennis Primary Academy	706,184	79,675	16,432	201,248	1,003,539
St Just Primary School	518,351	81,997	7,978	106,485	714,811
Kehelland Village School	225,550	24,055	3,694	38,309	291,608
Mithian School	338,999	27,818	7,614	123,328	497,759
Blackwater Community Primary School	386,409	35,839	15,568	146,071	583,887
Perranporth Community Primary School	407,416	49,518	3,138	85,489	545,561
Chacewater Community Primary School	147,188	15,907	2,286	68,318	233,699
Threemilestone School	414,427	40,887	4,175	166,840	626,329
Roche Community Primary School	108,779	16,407	2,330	18,836	146,352
St Erth Community Primary School	52,712	5,397	537	16,916	75,562
Nancledra Primary School	31,002	2,760	230	4,512	38,504
Central services	15,279	243,284	4,363	406,136	669,062
	<u>6,157,605</u>	<u>1,124,758</u>	<u>119,016</u>	<u>2,038,965</u>	<u>9,440,344</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	30,463,014	30,463,014
Current assets	3,153,451	18,881	111,190	3,283,522
Creditors falling due within one year	(1,391,194)	-	-	(1,391,194)
Defined benefit pension liability	-	(4,008,000)	-	(4,008,000)
	<u>1,762,257</u>	<u>(3,989,119)</u>	<u>30,574,204</u>	<u>28,347,342</u>

TRURO & PENWITH ACADEMY TRUST

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 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	21,633,480	21,633,480
Current assets	2,397,549	-	302,180	2,699,729
Creditors falling due within one year	(930,419)	-	-	(930,419)
Defined benefit pension liability	-	(4,221,000)	-	(4,221,000)
	<u>1,467,130</u>	<u>(4,221,000)</u>	<u>21,935,660</u>	<u>19,181,790</u>

19 Pensions and similar obligations

The Trust'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 multi-employer 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 2012 and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £219,316 (2016: £161,982) 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.

TRURO & PENWITH ACADEMY TRUST

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)
- 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 previous 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 is currently underway based on April 2016 data, 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 £875,394 (2016: £570,456).

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 17.1% for employers and 5.5% - 12.5% for employees.

The academy has entered into an agreement with the LGPS Trustees to make additional annual contributions totalling £258,800 in addition to normal funding levels, over a period of 3 years, in order to bridge the scheme deficit.

The LGPS obligation relates to the employees of the Trust who were employees transferred as part of the conversion from the maintained school (as described in note 26), employees transferred as part of the transfer from existing academies together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion and transferred from existing academies represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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	561,000	319,000
Employees' contributions	155,000	93,000
Total contributions	716,000	412,000

TRURO & PENWITH ACADEMY TRUST

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	2.1
Commutation of pensions to lump sums relating to pre-April 2008 services	40%	40%
Commutation of pensions to lump sums relating to post-April 2008 services	70%	70%

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	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 £1,332,000.

0.5% increase in the Salary Increase Rate - 2% approximate increase to Employer Liability equating to approximately £207,000.

0.5% increase in the Pension Increase Rate - 11% approximate increase to Employer Liability equating to approximately £1,106,000.

The Trust's share of the assets in the scheme	2017 Fair value £	2016 Fair value £
Equities	2,815,000	1,634,000
Bonds	2,576,000	1,464,000
Property	419,000	238,000
Other assets	180,000	68,000
Total market value of assets	5,990,000	3,404,000
Actual return on scheme assets - gain/(loss)	455,000	303,000

TRURO & PENWITH ACADEMY TRUST

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	1,033,000	424,000
Interest income	(87,000)	(82,000)
Interest cost	190,000	143,000
Total operating charge	1,136,000	485,000
Changes in the present value of defined benefit obligations	2017 £	2016 £
Obligations at 1 September 2016	7,625,000	2,085,000
Obligations acquired on conversion	695,000	2,728,000
Transferred in on existing academies joining the trust	2,337,000	-
Current service cost	1,033,000	424,000
Interest cost	190,000	143,000
Employee contributions	155,000	93,000
Actuarial (gain)/loss	(1,994,000)	2,152,000
Benefits paid	(43,000)	-
At 31 August 2017	9,998,000	7,625,000
Changes in the fair value of the Trust's share of scheme assets	2017 £	2016 £
Assets at 1 September 2016	3,404,000	1,261,000
Assets acquired on conversion	116,000	1,428,000
Transferred in on existing academies joining the trust	1,342,000	-
Interest income	87,000	82,000
Actuarial gain	368,000	221,000
Employer contributions	561,000	319,000
Employee contributions	155,000	93,000
Benefits paid	(43,000)	-
At 31 August 2017	5,990,000	3,404,000

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20 Reconciliation of net income to net cash flows from operating activities

	2017 £	2016 £
Net income for the reporting period	6,803,552	12,172,237
Adjusted for:		
Net surplus on conversion to academy	(7,510,322)	(12,319,416)
Capital grants from DfE/ESFA and other capital income	(379,372)	(422,620)
Investment income receivable	(3,439)	(2,689)
Defined benefit pension costs less contributions payable	472,000	105,000
Defined benefit pension net finance cost	103,000	61,000
Depreciation of tangible fixed assets	568,557	380,843
Loss on disposal of fixed assets	420	-
Decrease/(increase) in debtors	461,041	(1,004,167)
Increase in creditors	460,775	272,475
Stocks, debtors and creditors transferred on conversion	186,592	774,154
Net cash provided by operating activities	1,162,804	16,817

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	595,643	459,270
Amounts due in two and five years	2,038,061	1,691,293
Amounts due after five years	4,679,496	4,412,441
	7,313,200	6,563,004

Included above are total future minimum lease payments under non-cancellable operating leases relating to the Trust's obligation under Private Finance Initiative (PFI) agreements. The Trust has given due regard to the guidance in the Academies Account Direction 2016/17 and FRS 102 and has determined that the Schools which have PFI contracts are not required to account for any assets held under service concession arrangements.

Amounts due within one year	£455,765
Amounts due between two and five years	£1,823,062
Amounts due after five years	£4,379,404

22 Capital commitments

	2017 £	2016 £
Expenditure contracted for but not provided in the accounts	61,400	54,689

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

23 Related party transactions

Owing to the nature of the Trust'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 the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Truro and Penwith College - A Corporate Trustee. Transactions with no profit element totalling £234,478 (2016: £188,498), relating to recharges of costs to the Trust, and £40,952 (2016: £1,820), relating to income received from the College, took place in the period. £Nil (2016: £13,495) was owed by the Trust as at 31 August 2017.

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

ClayTAWC - a Charity of which S Margetts (local governing board member) is a trustee. Transactions totalling £20 (2016: £Nil) relating to services provided to the Trust took place in the period. £Nil (2016: £Nil) was owed by the Trust as at 31 August 2017.

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

W Stevenson and Sons Limited - a company of which E Lambourn (local governing board member) is a director. Transactions totalling £361 (2016: £Nil) relating to services provided to the Trust took place in the period. £Nil (2016: £Nil) was owed by the Trust as at 31 August 2017.

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

The Eden Project - a company of which PJ Wroe, a trustee, is the finance director. Transactions totalling £3,434 (2016: £550) relating to services provided to the Trust took place in the period. £Nil (2016: £Nil) was owed by the Trust as at 31 August 2017.

In entering into the transaction the trust has complied with the requirement of ESFA's Academies Financial Handbook.

24 Post balance sheet events

After the year end, the following schools converted to academy trust status and joined Truro & Penwith Academy Trust.

Academy	Location	Date of conversion
Sennen School	Penzance	1 September 2017
Hayle Secondary School (to be renamed Hayle Academy)	Hayle	1 November 2017
Mousehole School	Penzance	1 November 2017

25 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.

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

26 Conversion to an academy

On 1 January 2017 Kennall Vale School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Truro & Penwith Academy Trust from Cornwall Council for £nil consideration.

On 1 June 2017 Alverton Primary School, Newlyn School and Pensans Community Primary School transferred from Penlee Academy Trust (Company Registration Number 09683218) and all the operations and assets and liabilities were transferred to Truro & Penwith Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Alverton Primary School	Penzance	1 June 2017
Newlyn School	Newlyn	1 June 2017
Pensans Community Primary School	Penzance	1 June 2017
Kennall Vale School	Ponsanooth	1 January 2017

	2017 £
Net assets transferred:	
Freehold land and buildings	6,990,828
Leasehold land and buildings	1,647,845
Other tangible fixed assets	39,374
Cash	219,683
LGPS pension surplus/(deficit)	(1,574,000)
Other debtors	186,592
	<u>7,510,322</u>

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

26 Conversion to an academy

(Continued)

In respect of Kennall Vale and other schools converted to academy status in previous year:

	Unrestricted Funds	Restricted funds:		Total 2017
	£	General £	Fixed asset £	£
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	1,647,845	1,647,845
LA budget funds (Kennall Vale)	97,720	-	-	97,720
LA budget funds (prior year convertors)	120,184	-	-	120,184
School private fund	1,779	-	-	1,779
LGPS pension funds	-	(579,000)	-	(579,000)
	<u>219,683</u>	<u>(579,000)</u>	<u>1,647,845</u>	<u>1,288,528</u>

In respect of Alverton Primary School, Newlyn School and Pensans Community Primary School transferred into the Trust:

	Unrestricted Funds	Restricted funds:		Total 2017
	£	General £	Fixed asset £	£
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	7,034,514	7,034,514
Reserves on transfer	140,221	42,059	-	182,280
LGPS pension funds	-	(995,000)	-	(995,000)
	<u>140,221</u>	<u>(952,941)</u>	<u>7,034,514</u>	<u>6,221,794</u>

Land and buildings for Kennall Vale School have been transferred to Truro and Penwith Academy Trust from Cornwall Council under a 125 year lease.

The freehold land and buildings for Alverton Primary School, Newlyn School and Pensans Community Primary School have been transferred to Truro and Penwith Academy Trust from Penlee Academy Trust.

TRURO & PENWITH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

27 Transfer of existing academies into the Trust

The following table represents the values of assets and liabilities acquired on the transfer of Alverton Primary School, Newlyn School and Pensans Community Primary School from Penlee Academy Trust (Company Registration Number 09683218) on 1 June 2017.

No fair value adjustments were provided for on acquisition.

	Value reported by transferring trust £
Tangible fixed assets	
Freehold buildings	6,990,828
Computer equipment	24,220
Furniture and equipment (including fixtures and fittings)	15,154
Current assets	
Debtors due in less than one year	124,195
Cash at bank and in hand	241,741
Liabilities	
Creditors: amounts falling due within one year	(179,344)
Pensions	
Pensions - net pension scheme liabilities	(995,000)
Net assets/transfer in recognised	<u>6,221,794</u>