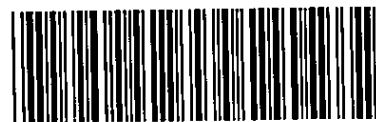


**PENRICE ACADEMY
FORMERLY KNOWN AS PENRICE COMMUNITY COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**



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**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Trustees	Mrs E Alma, Chair ³ Prof K Atkinson (appointed 16 October 2012) Mr J Barnard, Academy Member ¹ Mr M Barnes, Parent Governor ¹ Mrs A Barnes, Chair (resigned 21 March 2013) ^{1,2,3} Dr M Behennah, Academy Member ² Mr P Bundy, Member Appointed Governor ¹ Mr M De Villiers, Staff Governor ² Mr A Dean, Parent Governor ² Mr R Fisher, Co-opted Governor ¹ Mr P Jackson (appointed 4 February 2013) Mr D Parker, Principal ^{1 2 3} Mr R Parker, Parent Governor ³ Mrs A Phillips, Co-opted Governor ³ Mr S Pollard (appointed 11 February 2013) Mrs J Sage, Parent Governor ² Mr B Stevens, Staff Governor (resigned 11 December 2012) ³ Mr A Stittle, Parent Governor ³
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- ¹ Resources Committee
² Students & Family Committee
³ Teaching & Learning Committee

Company registered number	07565242
Principal and Registered office	Penrice Academy Charlestown Road St Austell Cornwall PL25 3NR

Company secretary Mr G Beattie

Accounting officer Mr D Parker

Senior management team

Mr D Parker, Principal
Mr N Machin, Vice Principal
Ms K Adams, Vice Principal
Mr R Baker, Vice Principal
Ms J Woodhouse, Vice Principal
Mr R Cardigan, Assistant Principal
Ms L Gambier, Assistant Principal
Mrs S Harper, Assistant Principal
Mrs K Taylor, Assistant Principal
Mr G Beattie, Business Manager

Independent auditors

Bishop Fleming
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Advisers (continued)

Bankers	Lloyds TSB 234 High Street Exeter Devon EX4 3NL
Solicitors	Browne Jacobsen LLP 1 Manor Court Dix's Field Exeter Devon EX1 1UP
Actuary	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees act as the Trustees for the charitable activities of Penrice Academy and are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy'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 Academy, 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 Directors of the Academy. The limit of this indemnity is £1,000,000.

Principal Activity

The principal activity is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad and balanced curriculum.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1 April 2012 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy's Board of Trustees comprises the Principal, a minimum of 2 Parent Trustees, up to 2 Staff Trustees (providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 12 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 6 Trustees who are appointed by Members
- Up to 1 LA Trustee if appointed by the Local Authority
- Up to 2 Parent Trustees who are elected by Parents of registered students at the Academy
- Up to 2 staff Trustees elected by staff
- Up to 6 Community Trustees who are appointed by the Board of Trustees
- The Principal who is treated for all purposes as being an ex officio Trustee

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

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by appropriate bodies.

There is a Trustees' training day organised each year which is used to establish strategic priorities and to critically assess current progress. New Trustees have the opportunity to undertake National Governor Association training and all Trustees receive regular National Governor Association updates.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Organisational Structure

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It sets the strategic direction for the Academy and holds the Principal and his senior team to account for progress towards targets and goals. It receives reports from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are three committees as follows:

1 Resources Committee

This meets at least six times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee. Its other roles involve the oversight of all premises related matters, health and safety and human resources management. It also acts as the Pay Committee.

2 Teaching and Learning Committee

This meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment and examinations.

3 Student and Family Committee

This meets once a term to review the overall quality of the student experience, parental engagement and relationships with all stakeholders. To review PSHE, sex education, Learning Centres and Inclusion areas within the College. To review reports regarding the special educational needs of students and to be the primary report for Safeguarding and Child Protection. It also acts as the Discipline and Admissions Committees.

The following decisions are reserved to the Board of Trustees, to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chair and/or Vice Chair, to appoint the Principal and Company Secretary.

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Board of Trustees have devolved responsibility for day to day management of the Academy to the Principal and Leadership Team (LT). The LT comprises the Principal, Vice Principals, Assistant Principals and the Business Manager. The LT implement the strategic plan agreed with the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, Leadership Team and Learning Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Principal, Academy Business Manager and Resources Committee are responsible for the authorisation of spending within agreed budgets, a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Principal is responsible for the appointment of staff with Trustee support for posts on the Leadership Team.

The Principal is the Accounting Officer.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Risk management

The Trustees have implemented a system to assess risks that the Academy faces, especially in the operational areas (eg in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Penrice Academy. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The aims of the Academy during the year ended 31 August 2013 are summarised below:

- To continue to raise the standard of educational attainment and achievement of all pupils
- To provide a broad and balanced curriculum, including extra-curricular activities
- To develop students as more effective learners and leaders
- To develop the Academy site so that it enables students to achieve their full potential
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To maximise the number of students who achieve 5 A* - C GCSE grades including English and Maths
- To provide value for money for the funds expended
- To fulfil the role of a Teaching School
- To develop greater coherence, clarity and effectiveness in school systems
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To develop the Academy's capacity to manage change, and
- To conduct the Academy's business in accordance with the highest standards of integrity

Objectives, Strategies and Activities

Key priorities for the year are contained in our Academy Development Plan which is available from the Academy Office. Improvement focuses identified for this year include:

- Moving towards the ambitious 80% 5+ A*-C goal for 2015
- Maintaining above average value added as measured by comparison with FFT D
- Remaining full in all year groups and popular with parents of Y6 children

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

- Introduction of iPads for all students
- Organisational change to flatten hierarchy and make leadership more effective
- Continued development of systems for tracking and monitoring student attainment

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Public Benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

Overall KPIs for 2015

80% 5+ A*-C including E&M by 2015	This now looks increasingly challenging. GCSE has become significantly more difficult. This remains an aspirational target but is well above FFT D predictions.
VA above average	Not published until December. Achieved FFT D prediction which suggests above average VA is possible.
100% 5+ A*-G	This remains an aspiration – beyond FFT D predictions. Not yet achieved (99% in 2013).
Always good in every area of operation	English Ofsted was outstanding. Exam results improved against national trend. More A*/A grades. Increasingly popular with parents.
Oversubscribed in all year groups	Achieved. Next three years have lower numbers of Y6 coming through before gradual increase from 2016 onwards. Challenging target for the academy until 2016.

KPIs and targets for 2013

<80% of budget spent on staffing	Achieved (79%)
Budget surplus of 5% pa	Achieved in 2012. 2013 return in December.
Pass EFA audit	Achieved in 2012. 2013 return in December.
Satisfactory Responsible Officer reports	Achieved
Bid to EFA for campus improvement	Achieved. 6 classroom block now open and re-roofing work finishes December.
Develop alternative funding sources	'School Direct' will generate c. 30k in 2013-14.
Introduce zero based budgeting	Achieved
Support staff salary review	Not achieved and held over until 2013-14.
Reception area improvement	Achieved. Two full time receptionists, staff now all have new roles and clear lines of responsibility. Electronic greeting system.
95% students attendance	Achieved (95% overall, but May figure used for academy census will be 94.3%).
<3% Persistent Absence	Achieved (2.6%).
Every students engages in one extra curricular activity in a year	Not possible to monitor. Increased number of activities compared to previous year, especially in sport.
CiC and Young Carers make similar progress to others	CiC and Young Carers make similar progress to others.
Behaviour graded 1 by external reviewer	Inappropriate target. Needs to be grade 1 every day, not just once. The successful introduction of iPads is one indicator of an effective behaviour culture.
Develop Role of tutor, Parental engagement, Role of Learning Mentors, Student Leadership, Behaviour & Progress review	All achieved
Develop alternative provision	Forest School and Short Stay School established. LiC now has accredited provision.
Track progress of students in AP	Tracking in place.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

100% of staff meet Teachers Standards	Achieved in September 2013
Staff attendance better than 97% 10% of staff on qualification led CPD	Overall attendance 96% but short term absence falling and now only 2%
Wellbeing Survey shows improvement	Will take place in Jan 2014
80% of ITT students graded good or better	All graded good or better Insufficiently challenging target
100% of SEN students transit to training/education	Achieved
CPD in key skill areas literacy, numeracy, use of ICT, SEN	CPD planning changed to accommodate iPad training SEN CPD did take place
Develop coaching and mentoring skills of staff	Continuing target More staff using coaching and mentoring skills under changed staff structure
Develop staff use of data	Achieved All staff now using FFT D data and tracking student progress Some learning teams more effective than others Continuing target for 2014
Review self evaluation systems	Learning Team leads now using learning walks and work scrutiny
Learning Team leads now using learning walks and work scrutiny	Penrice staff working for LSSW on delivery of NCTL courses, through Teaching School leading CPD for other schools
Develop academic intervention strategies	More intervention in place in English and maths
Review KS3 curriculum	Delayed to 2013-4 due to scale of national change
Review KS4 curriculum	Delayed to 2013-4 due to scale of national change
Develop links with primary schools	Develop links with primary schools
Develop hand held technology solution	Major innovation iPads successfully procured and distributed Already having impact on learning Achieved
Evaluate current reporting arrangements	Reviewed and some changes made to format and timings Further review required
Develop HE/FE links	Develop HE/FE links
Develop 'employability' strand to learning	Developing
Develop post 16 transition arrangements	IAG in place from CSW All Y11 have interview with Careers Advisor
English 90% 3LP 50% 4LP	82% 3LP (FFTD 79) 42% 4LP (FFTD 42)
Maths 90% 3LP 40% 4LP	72% 3LP (FFTD 72) 27% 4LP (FFTD 34)
Science 85% 3LP 45% 4LP	Core 54% 3LP (FFTD 74) 22% 4LP (FFTD 38)
	Add 51% 3LP (FFTD 72) 18% 4LP (FFTD 38)
	Triple 75% 3LP (FFTD 74) 46% 4LP (FFTD 38)
Hums 90% 3LP 50% 4LP	Geog 67% 3LP (FFTD 74) 35% 4LP (FFTD 38) History
	55% 3LP (FFTD 74%) 28% 4LP (FFTD 38)
MFL 75% 3LP 30% 4LP	French 42% 3LP (FFTD 74) 14% 4LP (FFTD 38) French + NVQ 52% 3LP 31% 4LP (FFTD 38) Span 38% 3LP (FFTD 74) 23% 4LP (FFTD 38) Span + NVQ 47% 3LP 16% 4LP (FFTD 38) Germ 38% 3LP (FFTD 74) 10% 4LP (FFTD 38) Germ + NVQ 44% 3LP 24% 4LP (FFTD 38)
Parental satisfaction >80% (KL Survey)	Parental satisfaction >80% (KL Survey)
No NEET	None so far – census Jan 2014
30% transition to A level maths	Not yet known
>20% aiming at Russell group universities	Not yet known
100% of parents attend one meeting	82% Not achieved

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

The Academy is in its third year of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2013 was 1,347 but this has increased to 1,375 in September 2013 due to an increased Y7 intake. The Academy is full in all year groups and has a waiting list in operation. The Academy is heavily oversubscribed. There were 340 first choice and 405 total applicants for 270 places available in year 7. This made Penrice Academy the most oversubscribed secondary in Cornwall and was achieved with a smaller number of Y6 in the area and against a backdrop of falling rolls in almost every other secondary school or Academy.

GCSE results were close to the FFT D forecast at 68% achieving 5+ A*-C including English and Maths. This showed a 1% increase on the previous year achieved with a less able year group.

The Academy has managed to find room for another 30 students in Y7 due to parental demand but this is not sustainable without a major building programme to include additional science, PE and general classrooms and teaching spaces. The hall, dining area and corridor spaces are also inadequate for the current numbers let alone any increase.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Learning leads and the Leadership Team.

The Academy was inspected by OFSTED in English and was judged to be Outstanding.

During the year the Academy completed the opening of a new six classroom Humanities block funded by the Education Funding Agency. The boys and girls toilet blocks were also refurbished during the year as part of the Humanities build.

During the year the Academy secured capital grant funding to replace some flat roofs.

Continuing professional development for staff has been very successful with three teaching staff undertaking NPQSL accredited training.

During the year, the Academy's charity fundraising activities raised £4,634.36.

The Academy has established close links with Pool Academy in a Teaching School partnership. During the year the Teaching School established the largest School Direct provision in the country and successfully engaged with nearly forty schools for school improvement work or consultancy work.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason 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 Going concern policy.

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention and the former restriction has been removed in the year. In period under review, £54,366 was carried forward representing 0.8% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2013 were 1,347, an increase of 23 over 2012.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2013 this was 80.1%, compared to 77.8% in 2012.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2013, total expenditure of £7,224,569 was covered by recurrent grant funding from the DfE, together with other incoming resources of £464,398. The excess of income over expenditure for the year (excluding restricted fixed asset funds and actuarial gain on LGPS) was £90,285.

At 31 August 2013 the net book value of fixed assets was £13,318,656 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The buildings and other assets were transferred to the Academy on a 125 year lease upon conversion (excluding part of the playing fields, which are subject to a commercial lease). Land and buildings were professionally valued on 31 August 2012 at £12,056,138. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Trustees have adopted a Responsible Officer Policy and appointed Emma Coombe to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 3 reports from the Responsible Officer which contained no matters of significance.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

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

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the freeze on the Trustee's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

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

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Principal Risks and Uncertainties

The principle risks and uncertainties facing the Academy are as follows

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 97% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review

The Trustees have determined that the appropriate level of free cash reserves should be approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, planned premises improvements or a fall in student numbers. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £688,289, all of which is free reserves

The Trustees have reviewed the future plans of the Academy and have set earmarked reserves as follows

£100,000 towards the refurbishment of the all-weather pitch. The total spend is budgeted as £200,000 and the Trustees believe that there may be a need to explore a leasing alternative to spread the cost of the project.
£200,000 has been set aside for potential drop in numbers risk
£200,000 has been set aside for potential cash flow or unexpected variation in costs

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

PLANS FOR FUTURE PERIODS

- 80% of all students achieving 5 or more GCSEs including English and Maths
- Teaching to be consistently rated good or better
- College to remain financially viable and able to generate a surplus on each years operation for investment in Capital projects
- To remain an employer of choice
- To remain oversubscribed with high levels of parental approval
- To develop the Teaching School influence on ITT, CPD, school-to-school support and succession planning, to include developing stronger links with partner schools

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity

FIXED ASSETS

The Trustees believe that the market value of land and buildings is reflected in the book amount included in the balance sheet

CHARITABLE DONATIONS

There have been no charitable donations made by the Academy

TRUSTEES INDEMNITIES

There were no third party indemnity provisions during the year or at the date of approval of the Trustees' report

AUDITOR

In so far as the Trustees are aware

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

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

Approved by order of the Board of Trustees on 28 November 2013 and signed on its behalf by



**Mrs E Alma
Chair**

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Penrice Academy 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 Principal, 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 Penrice Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs E Alma, Chair	7	7
Prof K Atkinson	6	6
Mr J Barnard, Academy Member	5	7
Mr M Barnes, Parent Governor	5	7
Mrs A Barnes, Chair	3	5
Dr M Behennah, Academy Member	7	7
Mr P Bundy, Member Appointed Governor	7	7
Mr M De Villiers, Staff Governor	6	7
Mr A Dean, Parent Governor	2	7
Mr R Fisher, Co-opted Governor	7	7
Mr P Jackson	3	5
Mr D Parker, Principal	7	7
Mr R Parker, Parent Governor	5	7
Mrs A Phillips, Co-opted Governor	5	7
Mr S Pollard	3	3
Mrs J Sage, Parent Governor	5	7
Mr B Stevens, Staff Governor	0	2
Mr A Stittle, Parent Governor	4	7

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide guidance and assistance on all matters relating to finance, HR management, premises and Health and Safety. To prepare an annual budget. To prepare and review policy statements relating to finance, staffing and premises. To review the level of delegation to the Principal for the day-to-day financial management of the Academy budget. To ensure that all financial transactions are conducted in accordance with good practice as directed by the EFA. To ensure that best value is achieved in financial transactions. To receive and, where appropriate, respond to periodic audit reports of public funds. To ensure that non-public funds (eg school private funds) are audited annually and that a certificate of audit is presented to the Board of Trustees. To oversee the preparation of tenders and implementation of buildings and grounds contracts. To review the lettings arrangements and hiring fees. To receive reports from the health and safety Trustee.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows

Trustee	Meetings attended	Out of a possible
Mrs E Alma, Chair	2	2
Prof K Atkinson	2	5
Mr J Barnard, Academy Member	5	6
Mrs A Barnes, Chair until 21 March 2013	3	4
Mr M Barnes, Parent Governor	3	6
Mr P Bundy, Member Appointed Governor	5	6
Mr R Fisher, Co-opted Governor	6	6

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Penrice Academy for the year 1 September 2012 to 31 August 2013 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 Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 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 Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Emma Coombe, a Local Authority Accounting Technician, as Responsible Officer (RO).

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

During the year, the Trustees received 3 reports from the Responsible Officer which contained no matters of significance.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the Responsible Officer,
- the work of the external auditors,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 28 November 2013



Mrs E Alma
Chair



Mr D Parker
Accounting Officer

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Penrice Academy I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Academy Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012)

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date



Mr D Parker
Accounting Officer

Date 28 November 2013

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees (who act as governors of Penrice Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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 grants received from the EFA/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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees and signed on its behalf by



**Mrs E Alma
Chair**

Date 28 November 2013

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENRICE ACADEMY

We have audited the financial statements of Penrice Academy for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 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, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENRICE ACADEMY

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Alison Oliver FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming

Chartered Accountants

Statutory Auditors

Chy Nyverow

Newham Road

Truro

Cornwall

TR1 2DP

Date 13/12/13

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO PENRICE
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 28 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penrice Academy during the year 1 September 2012 to 31 August 2013 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 Penrice Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Penrice Academy and the EFA 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 Penrice Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PENRICE ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Penrice Academy's funding agreement with the Secretary of State for Education dated 31 March 2011, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO PENRICE
ACADEMY AND THE EDUCATION 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 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Alison Oliver FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants
Statutory Auditors

Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Date 13/12/13

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
	Note					
INCOMING RESOURCES						
Incoming resources from generated funds						
Transfer from Local Authority on conversion	2	-	-	-	-	12,745,814
Other voluntary income	2	7,456	2,179	-	9,635	9,406
Activities for generating funds	3	50,916	-	-	50,916	30,097
Investment income	4	17,650	-	-	17,650	21,054
Incoming resources from charitable activities	5	237,148	6,849,094	1,468,969	8,555,211	9,881,750
TOTAL INCOMING RESOURCES		313,170	6,851,273	1,468,969	8,633,412	22,688,121
RESOURCES EXPENDED						
Charitable activities		116,377	6,665,393	404,753	7,186,523	9,904,920
Governance costs	7	1,018	37,028	-	38,046	32,663
TOTAL RESOURCES EXPENDED	10	117,395	6,702,421	404,753	7,224,569	9,937,583
NET INCOMING RESOURCES BEFORE TRANSFERS		195,775	148,852	1,064,216	1,408,843	12,750,538

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Transfers between Funds	Note 20	-	(254,338)	254,338	-	-
NET INCOME FOR THE PERIOD		195,775	(105,486)	1,318,554	1,408,843	12,750,538
Actuarial gains and losses on defined benefit pension schemes		-	47,000	-	47,000	(351,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		195,775	(58,486)	1,318,554	1,455,843	12,399,538
Total funds at 1 September 2012		492,514	(424,536)	12,331,560	12,399,538	-
TOTAL FUNDS AT 31 AUGUST 2013		688,289	(483,022)	13,650,114	13,855,381	12,399,538

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 27 to 48 form part of these financial statements

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07565242

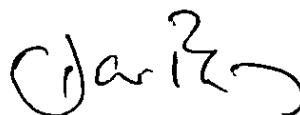
BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	17		13,318,656		12,331,560
CURRENT ASSETS					
Debtors	18	124,249		188,860	
Cash at bank and in hand		1,556,386		949,320	
		1,680,635		1,138,180	
CREDITORS amounts falling due within one year	19	(534,910)		(450,202)	
NET CURRENT ASSETS			1,145,725		687,978
TOTAL ASSETS LESS CURRENT LIABILITIES			14,464,381		13,019,538
Defined benefit pension scheme liability	26		(609,000)		(620,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			13,855,381		12,399,538
FUNDS OF THE ACADEMY					
Restricted funds					
General funds	20	(483,022)		(424,536)	
Fixed asset funds	20	13,650,114		12,331,560	
Total restricted funds			13,167,092		11,907,024
Unrestricted funds	20		688,289		492,514
TOTAL FUNDS			13,855,381		12,399,538

The financial statements were approved by the Trustees, and authorised for issue, on 28 November 2013 and are signed on their behalf, by



Mrs E Alma
Chair of Trustees



Mr D Parker, Principal

The notes on pages 27 to 48 form part of these financial statements

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

		31 August	17 months
		2013	ended
	Note	£	31 August
			2012
			£
Net cash flow from operating activities	22	1,980,693	832,971
Returns on investments and servicing of finance	23	17,650	19,054
Capital expenditure and financial investment	23	(1,391,277)	(782,431)
Cash transferred on conversion to an academy trust		-	879,726
INCREASE IN CASH IN THE YEAR		607,066	949,320

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

	31 August	17 months
	2013	ended
	£	31 August
		2012
		£
Increase in cash in the year	607,066	949,320
MOVEMENT IN NET FUNDS IN THE YEAR	607,066	949,320
Net funds at 1 September 2012	949,320	-
NET FUNDS AT 31 AUGUST 2013	1,556,386	949,320

The notes on pages 27 to 48 form part of these financial statements

**PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

Guidance in the Accounts Direction 2013 has changed from last year and where this impacts the comparative figures these have been adjusted.

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1 ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 RESOURCES EXPENDED

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1 ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	2% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33% straight line
Assets under construction	-	Not depreciated

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES (continued)

1.9 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2 VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Transfer from Local Authority on conversion	-	-	-	12,745,814
Donations	7,456	2,179	9,635	9,406
Voluntary income	7,456	2,179	9,635	12,755,220

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Lettings	21,896	-	21,896	30,097
Consultancy	29,020	-	29,020	-
	<u>50,916</u>	<u>-</u>	<u>50,916</u>	<u>30,097</u>

4 INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Bank interest	17,650	-	17,650	19,054
Pension finance costs	-	-	-	2,000
	<u>17,650</u>	<u>-</u>	<u>17,650</u>	<u>21,054</u>

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
DfE/EFA grants				
Capital Grants	-	1,427,748	1,427,748	52,246
General Annual Grant	-	6,486,919	6,486,919	9,099,387
Conversion support grant	-	-	-	25,000
Other DfE/EFA grants	3,100	231,987	235,087	145,342
	<u>3,100</u>	<u>8,146,654</u>	<u>8,149,754</u>	<u>9,321,975</u>
Other government grants				
Special Educational Needs	-	115,188	115,188	141,169
Other government grants non capital	-	15,000	15,000	19,715
Other government grants capital	-	-	-	8,957
	<u>-</u>	<u>130,188</u>	<u>130,188</u>	<u>169,841</u>
Other funding				
Income for hosting trainee teachers	22,360	-	22,360	-
Internal catering income	145,083	-	145,083	151,532
Sales to students	26,411	-	26,411	13,992
Other capital grants	-	41,221	41,221	10,000
Other	40,194	-	40,194	214,410
	<u>234,048</u>	<u>41,221</u>	<u>275,269</u>	<u>389,934</u>
	<u>237,148</u>	<u>8,318,063</u>	<u>8,555,211</u>	<u>9,881,750</u>

6 EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Education	<u>116,377</u>	<u>7,070,146</u>	<u>7,186,523</u>	<u>9,904,920</u>

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FOR THE YEAR ENDED 31 AUGUST 2013

7 GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Auditors' remuneration	-	5,643	5,643	4,513
Auditors' non audit costs	-	5,247	5,247	3,150
Legal and Professional	1,018	1,138	2,156	25,000
Governance expense - wages and salaries	-	25,000	25,000	-
	<u>1,018</u>	<u>37,028</u>	<u>38,046</u>	<u>32,663</u>

8 DIRECT COSTS

	Education £	Total 2013 £	Total 2012 £
Pension finance costs	7,907	7,907	-
Educational supplies	205,539	205,539	285,996
Examination fees	127,166	127,166	269,671
Staff development	23,969	23,969	19,623
Other costs	120,744	120,744	324,771
Supply teachers	40,088	40,088	102,213
Wages and salaries	3,660,854	3,660,854	5,187,459
National insurance	257,432	257,432	331,532
Pension cost	498,639	498,639	572,767
Depreciation	345,575	345,575	438,001
	<u>5,287,913</u>	<u>5,287,913</u>	<u>7,532,033</u>

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9 SUPPORT COSTS

	Education	Total	17 months ended 31 August 2012
	£	£	£
Pension finance costs	7,093	7,093	-
Recruitment and other staff costs	38,219	38,219	28,106
Maintenance of premises and equipment	160,569	160,569	224,026
Cleaning	145,237	145,237	179,366
Rent and rates	41,488	41,488	55,900
Heat and light	84,317	84,317	104,648
Insurance	119,002	119,002	117,943
Security and transport	12,677	12,677	11,159
Catering	148,216	148,216	194,576
Technology costs	76,242	76,242	46,429
Office overheads	171,177	171,177	191,882
Legal and professional	78,234	78,234	82,636
Bank interest and charges	657	657	84
(Profit) / Loss on disposal of fixed assets	2,172	2,172	-
Wages and salaries	611,229	611,229	705,281
National insurance	30,795	30,795	65,778
Pension cost	112,680	112,680	215,115
Depreciation	58,606	58,606	149,958
	<u>1,898,610</u>	<u>1,898,610</u>	<u>2,372,887</u>

10 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs	Premises	Other costs	Total	17 months ended 31 August 2012
	2013	2013	2013	2013	£
	£	£	£	£	
Education	4,416,925	-	870,988	5,287,913	7,532,033
Support costs - Education	754,704	431,611	712,295	1,898,610	2,372,887
CHARITABLE ACTIVITIES	<u>5,171,629</u>	<u>431,611</u>	<u>1,583,283</u>	<u>7,186,523</u>	<u>9,904,920</u>
GOVERNANCE	<u>25,000</u>	<u>-</u>	<u>13,046</u>	<u>38,046</u>	<u>32,663</u>
	<u>5,196,629</u>	<u>431,611</u>	<u>1,596,329</u>	<u>7,224,569</u>	<u>9,937,583</u>

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FOR THE YEAR ENDED 31 AUGUST 2013

11 ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	17 months ended 31 August 2012 £
Education	<u>5,287,913</u>	<u>1,898,610</u>	<u>7,186,523</u>	<u>9,904,920</u>

12 NET INCOMING RESOURCES

This is stated after charging

	31 August 2013 £	17 months ended 31 August 2012 £
Depreciation of tangible fixed assets - owned by the charity	404,181	587,959
Auditors' remuneration	5,643	4,513
Auditors' remuneration - non-audit	<u>5,247</u>	<u>3,150</u>

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FOR THE YEAR ENDED 31 AUGUST 2013

13 STAFF COSTS

Staff costs were as follows

	31 August 2013 £	17 months ended 31 August 2012 £
Wages and salaries	4,297,083	5,892,740
Social security costs	288,227	397,310
Other pension costs (Note 26)	611,319	787,882
	5,196,629	7,077,932
Supply teacher costs	40,088	-
	5,236,717	7,077,932

The average number of persons (including the senior management team) employed by the Academy during the year expressed as full time equivalents was as follows

	31 August 2013 No	17 months ended 31 August 2012 No
Teachers	75	72
Support staff	69	65
Management	5	5
	149	142

The number of employees whose emoluments fell within the following bands was

	Year ended 31 August 2013 No	17 months ended 31 August 2012 No
In the band £60,001 - £70,000	0	4
In the band £70,001 - £80,000	4	0
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	0
	5	5

Contributions to pension schemes in respect of the above staff members during the period were £65,318

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FOR THE YEAR ENDED 31 AUGUST 2013

14 TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2012 5) in respect of defined benefit pension schemes

During the year, no Trustees received any reimbursement of expenses (2012 £NIL)

Principal and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration in the year was as follows: D Parker one-hundred to one-hundred and five thousand (2012 17 month period one-hundred and forty thousand to one-hundred and forty-five thousand pounds), B Stevens five thousand to ten thousand (2012 17 month period forty to forty-five thousand pounds), J Stark nil (2012 17 month period fifteen to twenty thousand pounds), G Lobb nil (2012 17 month period zero to five thousand pounds), M De-Villiers twenty to twenty-five thousand (2012 17 month period zero to five thousand pounds), and P Jackson twenty to twenty-five thousand (2012 17 month period nil). The value of Governors' pension contributions in respect of defined benefit schemes made in the year was as follows: D Parker ten to fifteen thousand pounds, B Stevens zero to five thousand pounds, J Stark nil, G Lobb nil, M De-Villiers zero to five thousand pounds, and P Jackson zero to five thousand pounds.

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,682 (2012 £1,518).

The cost of this insurance is included in the total insurance cost.

16 OTHER FINANCE INCOME

	31 August 2013 £	17 months ended 31 August 2012 £
Expected return on pension scheme assets	74,000	125,000
Interest on pension scheme liabilities	(89,000)	(123,000)
	<u>(15,000)</u>	<u>2,000</u>

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17 TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Assets under Construction £	Total £
COST					
At 1 September 2012	12,356,530	266,872	296,117	-	12,919,519
Additions	382,799	36,836	86,814	887,000	1,393,449
Disposals	-	(3,824)	-	-	(3,824)
At 31 August 2013	12,739,329	299,884	382,931	887,000	14,309,144
DEPRECIATION					
At 1 September 2012	300,392	119,803	167,764	-	587,959
Charge for the year	218,361	71,792	114,028	-	404,181
On disposals	-	(1,652)	-	-	(1,652)
At 31 August 2013	518,753	189,943	281,792	-	990,488
NET BOOK VALUE					
At 31 August 2013	12,220,576	109,941	101,139	887,000	13,318,656
At 31 August 2012	12,056,138	147,069	128,353	-	12,331,560

Included in land and buildings is leasehold land at valuation of £1,754,460 (2012 £1,754,460), which is not depreciated

18. DEBTORS

	2013 £	2012 £
Trade debtors	2,650	1,871
Other debtors	89,188	162,058
Prepayments and accrued income	32,411	24,931
	<u>124,249</u>	<u>188,860</u>

**19 CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Trade creditors	34,927	121,004
Other taxation and social security	100,901	96,612
Other creditors	8,473	23,387
Accruals and deferred income	390,609	209,199
	<u>534,910</u>	<u>450,202</u>

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FOR THE YEAR ENDED 31 AUGUST 2013

19 CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	£
DEFERRED INCOME	
Deferred income at 1 September 2012	158,652
Resources deferred during the year	47,999
Amounts released from previous year	(158,652)
	<u>47,999</u>
Deferred income at 31 August 2013	<u>47,999</u>

20 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	492,514	313,170	(117,395)	-	-	688,289
RESTRICTED FUNDS						
General Annual Grant (GAG)	51,447	6,486,919	(6,236,480)	(247,520)	-	54,366
Special Educational Needs	-	115,188	(115,188)	-	-	-
Pupil premium	-	190,887	(145,909)	(4,527)	-	40,451
Pupil Premium Year 7	-	18,000	(18,000)	-	-	-
Pupil Premium Summer School	-	15,500	(12,090)	-	-	3,410
PE Teacher	-	7,600	(7,600)	-	-	-
Primary Languages Programme	-	15,000	(4,114)	-	-	10,886
Bear Farm Windfarm	-	1,429	(1,429)	-	-	-
Triple Science Nursery	-	750	(750)	-	-	-
Other restricted funds	144,017	-	(124,861)	(2,291)	-	16,865
Pension reserve	(620,000)	-	(36,000)	-	47,000	(609,000)
	<u>(424,536)</u>	<u>6,851,273</u>	<u>(6,702,421)</u>	<u>(254,338)</u>	<u>47,000</u>	<u>(483,022)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20 STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	11,549,129	-	(58,966)	-	-	11,490,163
Fixed assets purchased from GAG and other restricted funds	603,306	-	(199,145)	247,520	-	651,681
Government capital grants	179,125	1,427,748	(144,278)	-	-	1,462,595
Chartwells	-	41,221	(824)	-	-	40,397
Pupil Premium	-	-	(1,494)	4,527	-	3,033
Other restricted fixed asset funds	-	-	(46)	2,291	-	2,245
	<u>12,331,560</u>	<u>1,468,969</u>	<u>(404,753)</u>	<u>254,338</u>	<u>-</u>	<u>13,650,114</u>
Total restricted funds	<u>11,907,024</u>	<u>8,320,242</u>	<u>(7,107,174)</u>	<u>-</u>	<u>47,000</u>	<u>13,167,092</u>
Total of funds	<u>12,399,538</u>	<u>8,633,412</u>	<u>(7,224,569)</u>	<u>-</u>	<u>47,000</u>	<u>13,855,381</u>

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

Restricted funds

General Annual Grant - Income from the EFA which is to be use for the normal running costs of the Academy, including education and support costs

Special Educational Needs - Funding received from the Local Authority to fund further support for students with additional needs

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most

PE Teacher - EFA Grant towards the costs of employment of a Physical Education Teacher

CfBT - This represents monies from the Centre for British Teachers towards the French language improvement course

Bear Farm Windfarm - Funding received from Bear Farm Wind Farm towards support of underprivileged children

Triple Science Bursary - To fund the science teachers time spent on triple science

Other restricted funds - Restricted funding received on conversion to academy from local authority for multiple restricted purposes

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20 STATEMENT OF FUNDS (continued)

Pension reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed Asset Funds

Fixed assets transferred on conversion – This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Government Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the period end represents the NBV of assets and any unspent grant amounts.

Chartwells - Funding received from catering provider towards academies capital costs.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Devolved formula capital - This represents funding from the EFA to cover the maintenance and purchase of the school's assets. These funds are transferred to fixed assets funds once the expenditure has incurred.

Other restricted fixed asset funds - Restricted funding received on conversion to academy from local authority for multiple restricted purposes used to purchase fixed assets.

Transfers between funds have been movements to transfer from restricted funds to restricted fixed asset fund to reflect assets purchased with restricted funds.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	492,514	313,170	(117,395)	-	-	688,289
Restricted funds	(424,536)	6,851,273	(6,702,421)	(254,338)	47,000	(483,022)
Restricted fixed asset funds	12,331,560	1,468,969	(404,753)	254,338	-	13,650,114
	<u>12,399,538</u>	<u>8,633,412</u>	<u>(7,224,569)</u>	<u>-</u>	<u>47,000</u>	<u>13,855,381</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	17 months period Total funds 2012 £
Tangible fixed assets	4,798	-	13,313,858	13,318,656	12,331,560
Current assets	1,117,500	226,879	336,256	1,680,635	1,138,180
Creditors due within one year	(434,009)	(100,901)	-	(534,910)	(450,202)
Provisions for liabilities and charges	-	(609,000)	-	(609,000)	(620,000)
	<u>688,289</u>	<u>(483,022)</u>	<u>13,650,114</u>	<u>13,855,381</u>	<u>12,399,538</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £	17 months ended 31 August 2012 £
Net incoming resources before revaluations	1,408,843	12,750,538
Returns on investments and servicing of finance	(17,650)	(19,054)
Net assets transferred on conversion	-	(12,745,814)
Depreciation of tangible fixed assets	404,181	587,959
Decrease/(increase) in debtors	64,611	(188,860)
Increase in creditors	84,708	450,202
Defined benefit pension scheme adjustments	36,000	(2,000)
NET CASH INFLOW FROM OPERATIONS	<u>1,980,693</u>	<u>832,971</u>

23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	31 August 2013 £	17 months ended 31 August 2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>17,650</u>	<u>19,054</u>

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23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	31 August 2013 £	17 months ended 31 August 2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,393,449)	(782,431)
Sale of tangible fixed assets	2,172	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(1,391,277)	(782,431)

24 ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	31 August 2013 £
Cash at bank and in hand	949,320	607,066	1,556,386
NET FUNDS	949,320	607,066	1,556,386

25 CAPITAL COMMITMENTS

At 31 August 2013 the Academy had capital commitments as follows

	2013 £	2012 £
Contracted for but not provided in these financial statements	599,000	-

26 PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2013

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and

NOTES TO THE FINANCIAL STATEMENTS
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26 PENSION COMMITMENTS (continued)

lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final

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26 PENSION COMMITMENTS (continued)

Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £227,000, of which employer's contributions totalled £175,000 and employees' contributions totalled £52,000. The agreed contribution rates for future years are 22.5% for employers and a range between 5.5% and 7.5% for employees.

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.

The amounts recognised in the Balance sheet are as follows:

	31 August 2013 £	17 months ended 31 August 2012 £
Present value of funded obligations	(2,445,000)	(2,054,000)
Fair value of scheme assets	1,836,000	1,434,000
Net liability	<u>(609,000)</u>	<u>(620,000)</u>

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26 PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows

	31 August 2013 £	17 months ended 31 August 2012 £
Current service cost	(196,000)	(211,000)
Interest on obligation	(89,000)	(123,000)
Expected return on scheme assets	74,000	125,000
Total	(211,000)	(209,000)

Movements in the present value of the defined benefit obligation were as follows

	31 August 2013 £	17 months ended 31 August 2012 £
Opening defined benefit obligation	2,054,000	-
Current service cost	196,000	211,000
Interest cost	89,000	123,000
Contributions by scheme participants	52,000	63,000
Actuarial Losses	54,000	232,000
Liability transferred on conversion	-	1,425,000
Closing defined benefit obligation	2,445,000	2,054,000

Movements in the fair value of the Academy's share of scheme assets

	31 August 2013 £	17 months ended 31 August 2012 £
Opening fair value of scheme assets	1,434,000	-
Expected return on assets	74,000	125,000
Actuarial gains and (losses)	101,000	(119,000)
Contributions by employer	175,000	211,000
Contributions by employees	52,000	63,000
Asset transferred on conversion	-	1,154,000
Total	1,836,000	1,434,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £-304,000 (2012 £-351,000)

The Academy expects to contribute £183,000 to its Defined benefit pension scheme in 2014

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26 PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
Equities	63 00 %	67 00 %
Bonds	25 00 %	17 00 %
Property	5 00 %	7 00 %
Cash	7 00 %	9 00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013	2012
Discount rate for scheme liabilities	4 60 %	4 10 %
Expected return on scheme assets at 31 August	5 60 %	4 80 %
Rate of increase in salaries	5 10 %	4 50 %
Rate of increase for pensions in payment / inflation	2 80 %	2 20 %

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

	2013	2012
Retiring today		
Males	21 3 years	21 3 years
Females	23 4 years	23 4 years
Retiring in 20 years		
Males	23 2 years	23 2 years
Females	25 6 years	25 6 years

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(2,445,000)	(2,054,000)
Scheme assets	1,836,000	1,434,000
Deficit	(609,000)	(620,000)
Experience adjustments on scheme liabilities	(54,000)	(232,000)
Experience adjustments on scheme assets	101,000	(119,000)

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27 OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
EXPIRY DATE		
Between 2 and 5 years	<u>85,484</u>	<u>10,956</u>

28 RELATED PARTY TRANSACTIONS

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

During the period, there are no transactions or balances required to be disclosed under FRS8.