

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014



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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 2014**

Members	Mrs E Alma Mr J Barnard Dr M Behennah Mr D Parker
Trustees	Mrs E Alma ³ Prof K Atkinson (resigned 15 November 2013) Mr J Barnard, Academy Member ¹ Mr M Barnes, Parent Governor ¹ 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 (resigned 19 January 2014) ² Mr R Fisher, Co-opted Governor ¹ Mr P Jackson Mr D Parker, Principal ^{1,2,3} Mr R Parker, Parent Governor ³ Mr K Pearce (appointed 6 February 2014) Mrs A Phillips, Co-opted Governor ³ Mr S Pollard Mrs J Sage, Parent Governor ² Mr A Stittle, Parent Governor ³ Ms D Wilshire (resigned 2 September 2014) 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 J Alder
Accounting officer	Mr D Parker
Senior management team	Mr D Parker, Principal Mr N Machin, Vice Principal (resigned 31 August 2014) Ms K Adams, Vice Principal Mr R Baker, Vice Principal Ms J Woodhouse, Vice Principal (resigned 31 July 2014) 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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Chy Nyverow Newham Road Truro Cornwall TR1 2DP
Bankers	Lloyds Bank PLC 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
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in the St Austell Bay area. It has a pupil capacity of 1,350 and had a roll of 1,374 in the school census on 16 January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Penrice Academy 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

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1 April 2011 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 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' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

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 four 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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

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 2014 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, probity and openness.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Objectives, Strategies and Activities

Key priorities for 2013-14 were:

1. Achievement:
 - 75% A*-C including English and Maths.
 - Progress in top quartile for all groups.
2. Teaching & Learning:
 - 95% of teachers have good or better judgement.
3. Behaviour, safety and student support
 - 90% of tutors have good or better judgement.
 - All Y11 students exceed 85% attendance.
 - Overall attendance is over 95%.
 - Fewer than 45 fixed term exclusions.
 - Parental satisfaction in KR Survey is above 80% with more than 95% of parents recommending Penrice to others.
4. Leadership and management
 - Surplus at year end at least 1.5% of delegated funds or above £100,000.
 - Staff costs remain below 80% of budget.
 - Teacher attendance is at least 96%.
 - School Direct makes a net contribution to the Academy.

The main planned activities were:

- Improving pace and progression in Y7/8 curriculum through developing a better assessment model and revising Schemes of Work.
- Developing systems to monitor attainment and progress in all subjects and also to identify under achieving students, particularly in target groups such as Pupil Premium.
- Developing a more effective performance management system that looks at teacher performance across a range of indicators, not just one lesson observation.
- Developing more effective ways for Assistant Principals to monitor and report on progress and achievement of students.
- Assessing the impact of iPads on teaching and learning.
- Developing a more coherent strategy for Information, Advice and Guidance (IAG) so that every Y11 student has a clear vision of where they want to go next and has a well developed plan for achieving that goal.
- Developing a wider range of qualifications delivered through alternative curriculum pathways and establishing an effective learning centre for the re-tracking of Y7/8 students who are disruptive, challenging or vulnerable in some other way.
- Developing a parent support group.
- Reviewing and improving induction for new staff and creating coaches for teachers in Y1-5 of their careers.
- Bidding for additional capital funds for developing PE facilities and refurbishing the least good areas of the Academy with a focus on classroom environment.
- Working with local schools to establish a multi academy trust that will improve all schools to be outstanding.
- School Direct to be successful.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its fourth year of operation and has exceeded the planned number of students and remains popular with parents; against a falling number of secondary age students in the region, Penrice has continued to be oversubscribed. The total number of students in the year ended 31 August 2014 was 1374 against a PAN of 1350. The academy has been oversubscribed on first choices for two years and has waiting lists in Y7-10. There were 323 first choices applications for 270 places in 2013-14.

Against the targets set at the beginning of the year, the Academy has made good progress although GCSE outcomes were lower than predicted. This was also the case nationally – a large fall in English outcomes reduced the headline A*-C forecast despite strong growth in GCSE outcomes in other subjects. Within Cornwall most secondary schools saw a fall in outcomes against predictions and teacher organisations are suggesting that the examination system in 2014 is so different to 2013 and previous years that comparisons are difficult to make between the two years.

64% achieved 5+ A*-C with English and Maths against a target of 70% and a forecast of 74%.

The performance of Pupil Premium students was above national average but below forecast grade in English. Students with SEND significantly improved attainment compared to last year.

70% achieved an A*-C in English (80% in 2013)
83% achieved an A*-C in Maths (74% in 2013)
65% achieved two A*-C in Science (57% in 2013)

In English 50% of low achievers made three levels progress and 3% made four. Of the high achievers 84% made three levels progress and 48% made four with 9% making five levels progress. In Maths nearly half of low achievers made three levels progress and 9% made four levels. Of the high achievers 99% made three levels progress and nearly 60% made four levels progress.

The Academy was inspected by OFSTED in March 2014 and was judged to be Outstanding in all areas. Penrice is the only secondary in Cornwall to retain an outstanding grade under the new criteria.

During the year the Academy rebuilt the all-weather pitch and put in improvements to fencing and access. The facility was opened by an Olympian Bronze medal winner and hockey player. The Academy also replaced all the old window walling and made refurbishments to classrooms and corridor areas and repainted the front aspect of the Academy, improving the impression for visitors and passers by from the road. The window walling was covered by a capital grant from the EFA but all other improvements were done from the Academy's own resources as a result of prudent budget management.

During the year the Academy has been involved in the planning for a multi academy trust with three local primary schools which will create an overall trust with 2400 students and around 300 staff in February 2015. This will be the last full report for Penrice Academy if the trust happens as planned.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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.

Key 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 GAG was fully spent.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2014 were 1,374, an increase of 27 over 2013.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2014 this was 82.0%, compared to 80.1% in 2013.

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.

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 2014 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 2014, total expenditure of £7,624,238 was covered by recurrent grant funding from the DfE, together with other incoming resources of £347,707. The excess of expenditure over income for the year (excluding restricted fixed asset funds and actuarial gain on LGPS) was £173,009.

At 31 August 2014 the net book value of fixed assets was £14,186,547 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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

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 £667,005, all of which is free reserves.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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 96% 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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community. In particular, the Academy will seek to grow its multi-academy trust to other schools who wish to become outstanding – this will be the key goal for the trust.

From September 2015, the Academy will also become a centre for School Based Teacher Training and will certify teachers as trained in its own right – rather than as now relying on a University to validate for Qualified Teacher Status. The intention is to grow the ITT part of the Academy from the present 50 trainees to 75 in September 2015. This will give a net benefit to the Academy's financial position which can be spent on improving facilities and staffing for students.

The Academy intends to bid again for capital funding to extend the number of Science classrooms in response to the need for more Science lessons and the growing numbers of students in the Academy. In addition the Academy is planning to extend staffing numbers to create smaller classes in English, Maths and Science to improve further the progress made by students in those key subjects.

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.

TRUSTEES INDEMNITIES

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

AUDITORS

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 LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 27 November 2014 and signed on the board's behalf by:



**Mrs E Alma
Chair**

**PENRICE ACADEMY
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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 5 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	4	5
Prof K Atkinson	1	1
Mr J Barnard, Academy Member	5	5
Mr M Barnes, Parent Governor	1	5
Dr M Behennah, Academy Member	4	5
Mr P Bundy, Member Appointed Governor	4	5
Mr M De Villiers, Staff Governor	4	5
Mr A Dean, Parent Governor	4	4
Mr R Fisher, Co-opted Governor	4	5
Mr P Jackson	4	5
Mr D Parker, Principal	5	5
Mr R Parker, Parent Governor	3	5
Mr K Pearce	2	2
Mrs A Phillips, Co-opted Governor	4	5
Mr S Pollard	4	5
Mrs J Sage, Parent Governor	3	5
Mr A Stittle, Parent Governor	2	5
Ms D Wilshire	0	3

Prof K Atkinson resigned 15 November 2013.

Mr A Dean resigned 19 January 2014.

Ms D Wilshire resigned 2 September 2014.

Mr K Pearce was appointed 6 February 2014.

Governance reviews:

The Trustees will review the governance structure of the Academy on an annual basis. The next review will be undertaken in September 2015.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide guidance and assistance 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.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs E Alma	4	5
Mr J Barnard, Academy Member	5	5
Mr M Barnes, Parent Governor	5	5
Mr P Bundy, Member Appointed Governor	5	5
Mr R Fisher, Co-opted Governor	5	5
Mr D Parker, Principal	5	5
Mr K Pearce, Chair of Resources Committee	2	2
Prof K Atkinson	0	2

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 2013 to 31 August 2014 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 2013 to 31 August 2014 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 Gaynor Edwards, 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 27 November 2014



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.

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.

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



Mr D Parker
Accounting Officer

Date: 27 November 2014

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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 (including the Strategic 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 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: 27 November 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENRICE ACADEMY

We have audited the financial statements of Penrice Academy for the year ended 31 August 2014 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 to 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 to 2014 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, incorporating the Strategic 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 LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP
Date: 16/12/14

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

**INDEPENDENT REPORTING ACCOUNTANTS' 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 to 2014, 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 2013 to 31 August 2014 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Penrice Academy and 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 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 ACCOUNTANT**

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 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by 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.

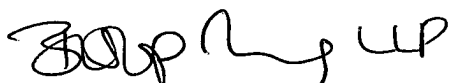
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

**INDEPENDENT REPORTING ACCOUNTANTS' 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 2013 to 31 August 2014 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 (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP
Date: 16/12/14

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	4,255	-	-	4,255	9,635
Activities for generating funds	3	22,171	-	-	22,171	50,916
Investment income	4	13,971	-	-	13,971	17,650
Incoming resources from charitable activities	5	307,310	7,009,633	654,742	7,971,685	8,555,211
TOTAL INCOMING RESOURCES		347,707	7,009,633	654,742	8,012,082	8,633,412
RESOURCES EXPENDED						
Charitable activities		241,363	6,906,855	439,907	7,588,125	7,186,523
Governance costs	7	226	35,887	-	36,113	38,046
TOTAL RESOURCES EXPENDED	10	241,589	6,942,742	439,907	7,624,238	7,224,569
NET INCOMING RESOURCES BEFORE TRANSFERS		106,118	66,891	214,835	387,844	1,408,843
Transfers between Funds	20	(127,401)	(228,826)	356,227	-	-
NET INCOME FOR THE PERIOD		(21,283)	(161,935)	571,062	387,844	1,408,843
Actuarial gains and losses on defined benefit pension schemes		-	(672,000)	-	(672,000)	47,000
NET MOVEMENT IN FUNDS FOR THE PERIOD		(21,283)	(833,935)	571,062	(284,156)	1,455,843
Total funds at 1 September		688,288	(483,022)	13,650,114	13,855,380	12,399,537
TOTAL FUNDS AT 31 AUGUST		667,005	(1,316,957)	14,221,176	13,571,224	13,855,380

All activities relate to continuing operations.

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


The notes on pages 23 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	17		14,186,547		13,318,656
CURRENT ASSETS					
Debtors	18	212,668		124,248	
Cash at bank and in hand		837,954		1,556,386	
		1,050,622		1,680,634	
CREDITORS: amounts falling due within one year	19	(316,945)		(534,910)	
NET CURRENT ASSETS			733,677		1,145,724
TOTAL ASSETS LESS CURRENT LIABILITIES			14,920,224		14,464,380
Defined benefit pension scheme liability	26		(1,349,000)		(609,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			13,571,224		13,855,380
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	20	(1,316,957)		(483,022)	
Fixed asset funds	20	14,221,176		13,650,114	
Total restricted funds			12,904,219		13,167,092
Unrestricted funds	20		667,005		688,288
TOTAL FUNDS			13,571,224		13,855,380

The financial statements were approved by the Trustees, and authorised for issue, on 27 November 2014 and are signed on their behalf, by:


Mrs E Alma
Chair of Trustees


Mr D Parker, Principal

The notes on pages 23 to 41 form part of these financial statements.

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	22	(75,384)	1,980,693
Returns on investments and servicing of finance	23	13,971	17,650
Capital expenditure and financial investment	23	(657,019)	(1,391,277)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(718,432)	607,066

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(718,432)	607,066
MOVEMENT IN NET FUNDS IN THE YEAR	(718,432)	607,066
Net funds at 1 September 2013	1,556,386	949,320
NET FUNDS AT 31 AUGUST 2014	837,954	1,556,386

The notes on pages 23 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 funders 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.

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

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.

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 provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line for buildings and 125 year straight line for land
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

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.

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 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	4,255	-	4,255	9,635

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	21,721	-	21,721	21,896
Consultancy	450	-	450	29,020
	<u>22,171</u>	<u>-</u>	<u>22,171</u>	<u>50,916</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	13,971	-	13,971	17,650
	<u>13,971</u>	<u>-</u>	<u>13,971</u>	<u>17,650</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	654,742	654,742	1,427,748
General Annual Grant	-	6,599,881	6,599,881	6,486,919
Other DfE/EFA grants	-	385,653	385,653	235,087
	<u>-</u>	<u>7,640,276</u>	<u>7,640,276</u>	<u>8,149,754</u>
Other Government grants				
Special Educational Needs	-	18,099	18,099	115,188
Other Government grants non capital	-	6,000	6,000	15,000
	<u>-</u>	<u>24,099</u>	<u>24,099</u>	<u>130,188</u>
Other funding				
Internal catering income	96,424	-	96,424	145,083
Income for hosting trainee teachers	144,488	-	144,488	22,360
Sales to students	32,159	-	32,159	26,411
Other capital grants	-	-	-	41,221
Other	34,239	-	34,239	40,194
	<u>307,310</u>	<u>-</u>	<u>307,310</u>	<u>275,269</u>
	<u>307,310</u>	<u>7,664,375</u>	<u>7,971,685</u>	<u>8,555,211</u>

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	<u>241,363</u>	<u>7,346,762</u>	<u>7,588,125</u>	<u>7,186,523</u>

7. GOVERNANCE COSTS

	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	3,009	5,643
Auditors' non audit costs	7,878	5,247
Legal and Professional	226	2,156
Wages and salaries	25,000	25,000
	<u>36,113</u>	<u>38,046</u>

8. DIRECT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	3,000	7,907
Educational supplies	236,789	205,539
Examination fees	121,264	127,166
Staff development	33,852	23,969
Other costs	210,849	120,744
Supply teachers	63,233	40,088
Wages and salaries	3,737,866	3,660,854
National insurance	278,427	257,432
Pension cost	499,732	498,639
Depreciation	323,559	345,575
	<u>5,508,571</u>	<u>5,287,913</u>

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. SUPPORT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	7,000	7,093
Recruitment and other staff costs	42,206	38,219
Maintenance of premises and equipment	183,144	160,569
Cleaning	121,358	145,237
Rent and rates	47,277	41,488
Heat and light	87,051	84,317
Insurance	126,060	119,002
Security and transport	10,906	12,677
Catering	173,619	148,216
Technology costs	138,440	76,242
Office overheads	165,333	171,177
Legal and professional	45,728	78,234
Bank interest and charges	1,330	657
Loss on disposal of fixed assets	1,119	2,172
Wages and salaries	592,078	611,229
National insurance	30,895	30,795
Pension cost	184,509	112,680
Depreciation	121,501	58,606
	2,079,554	1,898,610

10. RESOURCES EXPENDED

	Staff costs 2014 £	Premises 2014 £	Non Pay Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Direct costs	4,516,025	200,448	792,098	5,508,571	5,287,913
Support costs	807,482	508,055	764,017	2,079,554	1,898,610
CHARITABLE ACTIVITIES	5,323,507	708,503	1,556,115	7,588,125	7,186,523
GOVERNANCE	25,000	-	11,113	36,113	38,046
	5,348,507	708,503	1,567,228	7,624,238	7,224,569

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia/compensation payments	42,000	12,000	Settlement agreement
	-	30,000	Settlement agreement

PENRICE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Education	<u>5,508,571</u>	<u>2,079,554</u>	<u>7,588,125</u>	<u>7,186,523</u>

12. NET INCOMING RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	445,060	404,181
Auditors' remuneration	3,009	5,643
Auditors' remuneration - non-audit	<u>7,878</u>	<u>5,247</u>

13. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	4,212,654	4,207,905
Social security costs	309,322	288,227
Pension costs	<u>684,241</u>	<u>611,319</u>
	<u>5,206,217</u>	<u>5,107,451</u>
Supply teacher costs	63,233	40,088
Severance payments	<u>79,057</u>	<u>49,090</u>
	<u>5,348,507</u>	<u>5,196,629</u>

b. Staff severance payments

Included in severance payments are two non-contractual severance payments totalling £42,000 (2013: £9,090). Both of these exceeded £5,000 individually, and these were £12,000 and £30,000.

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13. STAFF (continued)

c. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	74	75
Support staff	58	69
Management	9	5
	141	149

d. Higher paid staff

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

	2014	2013
	No.	No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	0	4
In the band £90,001 - £100,000	1	0
In the band £100,001 - £110,000	1	0
In the band £110,001 - £120,000	0	1
	4	5

Contributions to pension schemes in respect of the above staff members during the period were £42,845.

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14. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2013: 4) in respect of defined benefit pension schemes.

During the year, no Trustees received any reimbursement of expenses (2013: £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 and five thousand to one-hundred and ten thousand (2013: one-hundred to one-hundred and five thousand pounds), M De-Villiers: twenty five to thirty thousand (2013: twenty to twenty-five thousand pounds), and P Jackson: thirty five to forty thousand (2013: twenty to twenty-five thousand). 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 (2013: ten to fifteen thousand pounds), M De-Villiers: zero to five thousand pounds (2013: zero to five thousand pounds) and P Jackson: five to ten thousand pounds (2013: 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 2014 was £1,733 (2013: £1,682). The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	108,000	74,000
Interest on pension scheme liabilities	(118,000)	(89,000)
	<u>(10,000)</u>	<u>(15,000)</u>

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17. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Assets under Construc- tion £	Total £
COST					
At 1 September 2013	12,739,329	299,884	382,931	887,000	14,309,144
Additions	1,200,859	62,219	50,992	-	1,314,070
Disposals	-	(902)	(1,407)	-	(2,309)
Transfer between classes	887,000	-	-	(887,000)	-
At 31 August 2014	<u>14,827,188</u>	<u>361,201</u>	<u>432,516</u>	<u>-</u>	<u>15,620,905</u>
DEPRECIATION					
At 1 September 2013	518,753	189,943	281,792	-	990,488
Charge for the year	275,719	81,322	88,019	-	445,060
On disposals	-	(608)	(582)	-	(1,190)
At 31 August 2014	<u>794,472</u>	<u>270,657</u>	<u>369,229</u>	<u>-</u>	<u>1,434,358</u>
NET BOOK VALUE					
At 31 August 2014	<u>14,032,716</u>	<u>90,544</u>	<u>63,287</u>	<u>-</u>	<u>14,186,547</u>
At 31 August 2013	<u>12,220,576</u>	<u>109,941</u>	<u>101,139</u>	<u>887,000</u>	<u>13,318,656</u>

18. DEBTORS

	2014 £	2013 £
Trade debtors	902	2,649
Other debtors	172,893	89,188
Prepayments and accrued income	38,873	32,411
	<u>212,668</u>	<u>124,248</u>

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

	2014 £	2013 £
Trade creditors	66,992	34,927
Other taxation and social security	97,164	100,901
Other creditors	-	8,473
Accruals and deferred income	152,789	390,609
	<u>316,945</u>	<u>534,910</u>

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19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	£
DEFERRED INCOME	
Deferred income at 1 September 2013	47,999
Resources deferred during the year	25,878
Amounts released from previous year	(47,999)
	<u>25,878</u>
Deferred income at 31 August 2014	<u>25,878</u>

At the balance sheet date the Academy was holding funds received in advance for trips booked for the autumn term 2014, as well as contributions towards computer equipment yet to be purchased.

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	688,288	347,707	(241,589)	(127,401)	-	667,005
RESTRICTED FUNDS						
General Annual Grant (GAG)	54,366	6,599,881	(6,430,113)	(224,134)	-	-
Special Educational Needs	-	18,099	(18,099)	-	-	-
Pupil premium	40,451	316,403	(330,578)	-	-	26,276
Pupil Premium Summer School	3,410	28,750	(30,716)	-	-	1,444
Primary Languages Programme	10,886	-	(10,886)	-	-	-
Teaching School Core Grant	-	40,000	(34,125)	(4,692)	-	1,183
Other restricted funds	16,865	6,500	(20,225)	-	-	3,140
Pension reserve	(609,000)	-	(68,000)	-	(672,000)	(1,349,000)
	<u>(483,022)</u>	<u>7,009,633</u>	<u>(6,942,742)</u>	<u>(228,826)</u>	<u>(672,000)</u>	<u>(1,316,957)</u>

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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	11,490,163	-	(229,001)	-	-	11,261,162
Fixed assets purchased from GAG and other restricted funds	651,681	-	(128,408)	351,535	-	874,808
Government capital grants	1,462,595	654,742	(78,895)	-	-	2,038,442
Chartwells	40,397	-	-	-	-	40,397
Pupil Premium	3,033	-	(3,042)	4,692	-	4,683
Other restricted fixed asset funds	2,245	-	(561)	-	-	1,684
	<u>13,650,114</u>	<u>654,742</u>	<u>(439,907)</u>	<u>356,227</u>	<u>-</u>	<u>14,221,176</u>
Total restricted funds	<u>13,167,092</u>	<u>7,664,375</u>	<u>(7,382,649)</u>	<u>127,401</u>	<u>(672,000)</u>	<u>12,904,219</u>
Total of funds	<u>13,855,380</u>	<u>8,012,082</u>	<u>(7,624,238)</u>	<u>-</u>	<u>(672,000)</u>	<u>13,571,224</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.

Primary Languages Programme - Funding received towards language improvement programmes.

Other restricted funds - Restricted funding received from a variety of sources with educationally focussed restrictions.

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.

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20. STATEMENT OF FUNDS (continued)

Fixed Asset Funds

Fixed assets transferred on conversion – This represent 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 represent funding from the EFA to cover the maintenance and purchase of the schools 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 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	688,288	347,707	(241,589)	(127,401)	-	667,005
Restricted funds	(483,022)	7,009,633	(6,942,742)	(228,826)	(672,000)	(1,316,957)
Restricted fixed asset funds	13,650,114	654,742	(439,907)	356,227	-	14,221,176
	<u>13,855,380</u>	<u>8,012,082</u>	<u>(7,624,238)</u>	<u>-</u>	<u>(672,000)</u>	<u>13,571,224</u>

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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	5,764	-	14,180,783	14,186,547	13,318,656
Current assets	665,457	344,772	40,393	1,050,622	1,680,635
Creditors due within one year	(4,216)	(312,729)	-	(316,945)	(534,910)
Pension scheme liability	-	(1,349,000)	-	(1,349,000)	(609,000)
	<u>667,005</u>	<u>(1,316,957)</u>	<u>14,221,176</u>	<u>13,571,224</u>	<u>13,855,380</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	387,844	1,408,843
Returns on investments and servicing of finance	(13,971)	(17,650)
Depreciation of tangible fixed assets	445,060	404,181
Surplus on disposal of tangible fixed assets	(1,190)	-
Capital grants from DfE	(654,742)	-
(Increase)/decrease in debtors	(88,420)	64,611
(Decrease)/increase in creditors	(217,965)	84,708
Defined benefit pension scheme adjustments	68,000	36,000
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	<u>(75,384)</u>	<u>1,980,693</u>

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

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>13,971</u>	<u>17,650</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,314,070)	(1,393,449)
Sale of tangible fixed assets	2,309	2,172
Capital grants from DfE	654,742	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(657,019)</u>	<u>(1,391,277)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	31 August 2014 £
Cash at bank and in hand:	1,556,386	(718,432)	837,954
NET FUNDS	1,556,386	(718,432)	837,954

25. CAPITAL COMMITMENTS

At 31 August 2014 the Academy had capital commitments as follows:

	2014 £	2013 £
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 March 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual 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

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26. PENSION COMMITMENTS (continued)

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.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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.

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26. PENSION COMMITMENTS (continued)

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 2014 was £228,000, of which employer's contributions totalled £172,000 and employees' contributions totalled £56,000. The agreed contribution rates for future years are 18.3% 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:

	2014 £	2013 £
Present value of funded obligations	(3,716,000)	(2,445,000)
Fair value of scheme assets	2,367,000	1,836,000
	<u>(1,349,000)</u>	<u>(609,000)</u>
Net liability	<u>(1,349,000)</u>	<u>(609,000)</u>

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

	2014 £	2013 £
Current service cost	(230,000)	(196,000)
Interest on obligation	(118,000)	(89,000)
Expected return on scheme assets	108,000	74,000
	<u>(240,000)</u>	<u>(211,000)</u>
Total	<u>(240,000)</u>	<u>(211,000)</u>

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

	2014 £	2013 £
Opening defined benefit obligation	2,445,000	2,054,000
Current service cost	230,000	196,000
Interest cost	118,000	89,000
Contributions by scheme participants	56,000	52,000
Actuarial Losses	905,000	54,000
Benefits paid	(38,000)	-
Liability transferred on conversion	-	-
	<u>3,716,000</u>	<u>2,445,000</u>
Closing defined benefit obligation	<u>3,716,000</u>	<u>2,445,000</u>

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26. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening fair value of scheme assets	1,836,000	1,434,000
Expected return on assets	108,000	74,000
Actuarial gains and (losses)	233,000	101,000
Contributions by employer	172,000	175,000
Contributions by employees	56,000	52,000
Benefits paid	(38,000)	-
	2,367,000	1,836,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(976,000) (2013: £(304,000)).

The Academy expects to contribute £213,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	53.00 %	63.00 %
Bonds	40.00 %	25.00 %
Property	6.00 %	5.00 %
Cash	1.00 %	7.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	4.80 %	5.60 %
Rate of increase in salaries	4.40 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.80 %

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

	2014	2013
Retiring today		
Males	22.2 years	21.3 years
Females	24.4 years	23.4 years
Retiring in 20 years		
Males	24.4 years	23.2 years
Females	26.8 years	25.6 years

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26. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(3,716,000)	(2,445,000)
Scheme assets	2,367,000	1,836,000
Deficit	<u>(1,349,000)</u>	<u>(609,000)</u>
Experience adjustments on scheme liabilities	(905,000)	(54,000)
Experience adjustments on scheme assets	<u>233,000</u>	<u>101,000</u>

27. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
EXPIRY DATE:		
Between 2 and 5 years	<u>82,698</u>	<u>85,484</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 transaction or balances required to be disclosed under FRS8.