

PENRYN COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

Company Registration No. 07654298 England and Wales

PENRYN COLLEGE

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PENRYN COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

HS Preston (Chair)
MS Hunter (Accounting Officer)
CR Ansell
AC Bick
F Bidgood (Resigned 7 July 2016)
LJ Gooding
DA Hall
J Hann
G Harries
WJ Holliday (Resigned 19 May 2016)
MS Parsons
MJ Proudfoot
RE Rawley
JM Scarlett-Davis (Resigned 28 September 2016)
L Everall (Appointed 10 December 2015)
J Roberts (Appointed 10 December 2015)
E Brooks (Appointed 29 April 2016)
M Terry (Appointed 29 April 2016)

Members

CR Ansell
LJ Gooding
MS Hunter
H Preston
M Parsons

Senior management team

| | |
|---|--------------|
| - Headteacher | MS Hunter |
| - Deputy headteacher | T Schouten |
| - Deputy headteacher | P Walker |
| - Assistant headteacher | J Lushington |
| - Assistant headteacher | D Mather |
| - Assistant headteacher | J Harvey |
| - Leading practitioner | G Harries |
| - Director of business development & operations | D Cunningham |
| - Leading practitioner | B Laing |
| - Assistant headteacher | K Oliver |

Company registration number

07654298 (England and Wales)

Principal address

Kernick Road
PENRYN
Cornwall
TR10 8PZ

Registered office

Kernick Road
PENRYN
Cornwall
TR10 8PZ

PENRYN COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Robinson Reed Layton
Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Bankers

Lloyds Bank
11/12 Killigrew Street
FALMOUTH
Cornwall
TR11 3RA

Barclays Bank Plc
44 Market Street
PENRYN
Cornwall
TR10 8HU

Solicitors

Cornwall Council Legal Services
Room 458
County Hall
TRURO
Cornwall
TR1 3AY

PENRYN COLLEGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy operates a secondary school for pupils aged 11 to 16 serving a catchment area in Penryn, Cornwall. It has a pupil capacity of 1,050 and had a roll of 1,078 in the school census on 3 October 2015.

Structure, governance and management

Constitution

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

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

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the charitable company has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on the charitable company's business. The insurance provides cover up to £1 million in aggregate for each policy year.

Method of recruitment and appointment or election of trustees

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

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

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

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

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

Policies and procedures adopted for the induction and training of trustees

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

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

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

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

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

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

Arrangements for setting pay and remuneration of key management personnel

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

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

Related parties and other connected charities and organisations

As at 31 August 2016 the Headteacher is member of the Cornwall Association of Headteachers (CASH).

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

Related party relationships are detailed in Note 21 to the financial statements.

Objectives and activities

Objects and aims

The principal objects and activities of the charitable company are;

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

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

At Penryn College, every student can expect to:

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

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

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

As well as delivering the outcomes from 2013-16 Development Plan, 2014-15 objectives focused on ensuring ensuring all students made excellent progress in lessons and over time by:

- Raising students' literacy skills to improve students' resilience and confidence in applying these skills;
- Strengthening the overall quality of teaching to achieve greater consistency of good/outstanding practice by:
 - Ensuring all learning activities are closely tailored to meet individual needs and stretch and challenge; and
 - Developing questioning and dialogue in lessons;
- Encouraging a very high level of self discipline among the students.

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

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

Public benefit

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

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

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

The headteacher continues to be a National Leader of Education and an Ofsted Inspector.

2015/16 saw a further year of increased pupil numbers rising to 1078 against falling roll trend in a significant number of Cornwall's secondary schools.

Progress and pass rates in English, Maths and Science went up in 15/16 with 83% of students achieved A*- C in pass in English. Boys had a huge increase of 22% in A-C passes. Over half of all students, 121 young people in total, gained at least one A* or A grade, while 46 young people gained 5 or more A/A* grades, 14 of whom were awarded more than 10 A*/As. Overall, more than 70% of all students, including those with special needs, gained English and Maths at grades C and above .

The trend for significant student achievement in sport continued at national levels as well as students' success in a range of regional and local competition and events in the full range of subject disciplines.

Key performance indicators

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

Pupil numbers are also a key financial performance indicator as they relate to the academy's level of funding. For 2015 - 16 the pupil numbers were 1,078 with year 7 entry requests being over-subscribed. Pupil numbers for September 2016 are 1,105.

Ratio of staffing costs to budget is another key performance indicator and for 15/16 the percentage of total GAG salary costs was 78%.

Going concern

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

Financial review

The charitable company's accounting period is the year to 31 August 2016.

Most of the charitable company's income is derived from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the period to 31 August 2016 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

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

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

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

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

The trustees consider the financial year end position of £16,339,466 (2015: £17,875,661) comprising £15,483,358 (2015: £15,808,521) of restricted fixed asset funds, £(1,925,000) (2015: £(902,980)) of restricted funds and £2,781,108 (2015: £2,970,120) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(1,925,000) (2015: £(911,000)) and general restricted funds of £Nil (2015: £8,020).

The level of free reserves held by the charitable company are £2,781,108 (2015: £2,970,120).

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The charitable company has entered into an agreement with the LGPS trustees to make additional annual contributions of £19,100 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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

Investment policy and powers

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

The trustee's policy of short term investment is to have up to £300,000 invested at any one time in fixed, short term deposit accounts with the College's main bankers, each one of no more than £50,000 and for no longer than 12 months.

Principal risks and uncertainties

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

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

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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

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

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

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

The governing body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 18 to the financial statements, represents a significant potential liability. However as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Plans for future periods

OFSTED 12 focused the academy's activities on:

Raising students' literacy skills by embedding teaching of reading and writing strategies and the cross-curricular approaches to improving students' resilience and confidence in applying these skills;

Continuing to strengthen the overall quality of teaching to achieve greater consistency of good or outstanding practice by:

- (i) ensuring all learning activities are closely tailored to meet individual needs and stretch and challenge all students; and
- (ii) using questioning and dialogue during lessons to deepen understanding, extend thinking and raise expectations applying consistently the proven strategies for engaging all students in lessons.

The College Improvement Plan sets out the key priorities for 2016-17:

Achievement

- Ensure students achieve at least 6c in English and Maths as soon as they are able
- Improve the attainment and progress of Boys, especially middle ability.
- Improve attainment and maintain improvement in progress for DAPs, especially L4 on entry.
- Maintain improved levels of progress and ensure pupils reach important English thresholds.
- Boys/Girls in Lower PAG make 3L+ progress, esp in Maths in all years
- Improve Science Attainment and Progress.
- Monitor Business Studies curriculum change on results in 16; Continue to employ strategies to retain students in Computer Science and attain highest grades and review the reasons why Technology is not performing as well as in previous years.

The Quality of Teaching

- Accelerate pupil progress (esp in Science, Business and PHSE) and reduce low level disruption (esp in Yr 10), by:
- More accurate analysis of learning needs, better differentiation, greater pace to reduce boys' passivity and to challenge under-achieving able students (JPH):
- Better questioning and dialogue to deepen understanding and extend thinking;
- Better feedback and more precise marking especially for FSM students, boys and in Science, so students learn from their mistakes and know what to do to improve work;
- Ensure students maintain pride in their books over time;
- Regular and purposeful homework tasks which more pupils complete.
- Ensure IPADs support effective learning.
- Ensure CPD has a measurable impact on pupil performance; relates directly to what teachers need to do to improve their teaching of individual students by learning where students succeed and applying it to their lessons.

Reading, Writing, Numeracy

- Ensure every student reaches 6c thresholds in reading, writing and numeracy as soon as they are able.
- For PP, esp boys, every teacher/TA routinely plans lesson; applies agreed literacy strategies; marks for literacy and insists on corrections and catch up.
- Audit each teacher/tutor/dept application of core literacy expectations to identify excellent/weak practice and next stages in CPD for staff.
- Ensure every teacher/TA routinely plans lessons/applies ILP strategies for students not on track. English Teachers to ensure recommended strategies are consistently applied by monitoring named students' books. (from Governors Scrutiny Group May 15).
- Provide more extended writing opportunities in all subjects (esp Technology, KS3 Science, RHAPT) primarily for boys.
- Develop routines for students to use tutor time to correct and improve their work.

PENRYN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Behaviour

- Continue to reduce Fixed Term Exclusions for persistent disruptive/disrespectful students. Reduce Y10 and Y11 incidents that disrupt learning. Ensure PP and/or SEN students are not disproportionately excluded.
- Monitor behaviour improvement in teachers' classes who have targeted/been allocated behaviour mgt CPD.

Reduce lesson low level disruption, especially in Yr 9, by providing greater lesson pace and challenge; continue relentless reading and writing focus including engaging boys with extended writing; checking learning reasons for poor behaviour and focused CPD.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 08 December 2016 and signed on its behalf by:

HS Preston
Chair

PENRYN COLLEGE

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|--|--------------------------|------------------------|
| HS Preston (Chair) | 3 | 4 |
| MS Hunter (Accounting Officer) | 4 | 4 |
| CR Ansell | 4 | 4 |
| AC Bick | 4 | 4 |
| F Bidgood (Resigned 7 July 2016) | 2 | 4 |
| LJ Gooding | 2 | 4 |
| DA Hall | 2 | 4 |
| J Hann | 2 | 4 |
| G Harries | 1 | 4 |
| WJ Holliday (Resigned 19 May 2016) | 1 | 3 |
| MS Parsons | 3 | 4 |
| MJ Proudfoot | 4 | 4 |
| RE Rawley | 4 | 4 |
| JM Scarlett-Davis (Resigned 28 September 2016) | 2 | 4 |
| L Everall (Appointed 10 December 2015) | 2 | 2 |
| J Roberts (Appointed 10 December 2015) | 2 | 2 |
| E Brooks (Appointed 29 April 2016) | 2 | 2 |
| M Terry (Appointed 29 April 2016) | 2 | 2 |

Penryn College conducted its annual governance review at the meeting of the Full Governing Body on 28th September 2015. The review covered the responsibilities of each member of the governing body and the membership of each of the committees in turn. In addition, the Terms of Reference for each Committee, as well as the Governing Body, was analysed and confirmed as being correct for the coming year. The minutes of the meeting show the appointment of new Governors as well as confirmation of the Chairs of Committees and Committee Membership. In addition, 3 Governors stated that they were concerned that their business interests meant they could not give the college as much of their time as they would wish to the running of the Trust and so it was agreed that they would be appointed as Associate Governors for one year to be reviewed annually. This meant the college retained their expertise on an ad hoc basis as their own commitments allowed. This meeting completed the annual review of governance for Penryn College. _

PENRYN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

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

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|--|--------------------------|------------------------|
| HS Preston (Chair) | 1 | 5 |
| MS Hunter (Accounting Officer) | 5 | 5 |
| AC Bick | 3 | 5 |
| F Bidgood (Resigned 7 July 2016) | 4 | 5 |
| WJ Holliday (Resigned 19 May 2016) | 2 | 3 |
| MS Parsons | 5 | 5 |
| RE Rawley | 5 | 5 |
| L Overall (Appointed 10 December 2015) | 3 | 3 |
| J Roberts (Appointed 10 December 2015) | 3 | 3 |
| E Brooks (Appointed 29 April 2016) | 2 | 2 |

Review of value for money

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

PENRYN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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

- Training & Travel
 - The college has traditionally allowed individual departments to run their own training and travel requirements which led to inefficiency and duplication of effort. As a result, the college has centralised training budgets into 2 areas; teachers and support staff, and placed them under the control of members of the Senior Leadership Team for better transparency and control. In addition, a travel bureau has been created to take advantages of economies of scale by centralising the booking of travel and accommodation using business accounts with large, reputable travel companies.
- Resurfacing the Upper Car Park
 - The school's upper car park has been created on a piece of grassed, waste ground beside the astro hockey pitch. In the winter of 15/16 this became dangerous because of the amount of rain that fell and resulted in a number of near incidents. As a result, the college collected quotations to surface the car park with tarmac, just surface the access routes or to surface the whole area with local granite dust. The cost of the latter was approximately 10% of the former and so it was decided that the car park would be dusted and this has proven to be an effective and safe method of securing additional car parking at a reasonable cost.
- STP Maintenance Equipment
 - The college's STP football and rugby pitch is a significant financial investment and will require a substantial sinking fund to replace it when it reaches the end of its useful life. The cost of a new pitch is between £180K and £300K and so in order to delay the requirement to replace it too soon, the college has invested in specialist STP maintenance equipment which will help extend the life of the pitch.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Penryn College for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

PENRYN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. 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 finance and premises committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

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

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

Review of effectiveness

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

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

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

Approved by order of the board of trustees on 08 December 2016 and signed on its behalf by:

HS Preston
Chair

MS Hunter
Accounting Officer

PENRYN COLLEGE

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Penryn College 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy's board of trustees are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2015.

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.

Approved on 08 December 2016 and signed by:

MS Hunter
Accounting Officer

PENRYN COLLEGE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 08 December 2016 and signed on its behalf by:

HS Preston
Chair

PENRYN COLLEGE

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF PENRYN COLLEGE

We have audited the accounts of Penryn College for the year ended 31 August 2016 set out on pages 21 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees, who are also the directors of Penryn College for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts 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 accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

PENRYN COLLEGE

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

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Chartered Accountants
Statutory Auditor

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

Dated: 13 December 2016

PENRYN COLLEGE

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

In accordance with the terms of our engagement letter dated 16 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penryn College during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Penryn College and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Penryn College 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 Penryn College and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Penryn College's funding agreement with the Secretary of State for Education dated 1 July 2011 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015 to 2016 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.

The work undertaken to draw to our conclusion includes:

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

PENRYN COLLEGE

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

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mark Williams

Reporting Accountant

Robinson Reed Layton

Dated: 13 December 2016

PENRYN COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

| | Notes | Unrestricted Funds £ | Restricted funds: General Fixed asset £ £ | | Total 2016 £ | Total 2015 £ |
|---|----------|----------------------------|---|-------------------|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 3,952 | - | 93,910 | 97,862 | 27,037 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 3 | 319,165 | 5,906,948 | - | 6,226,113 | 6,161,805 |
| Other trading activities | 4 | 89,986 | - | - | 89,986 | 97,347 |
| Investments | 5 | 23,761 | - | - | 23,761 | 24,732 |
| Total income and endowments | | <u>436,864</u> | <u>5,906,948</u> | <u>93,910</u> | <u>6,437,722</u> | <u>6,310,921</u> |
| Expenditure on: | | | | | | |
| Raising funds | 6 | 5,180 | - | - | 5,180 | 1,610 |
| Charitable activities: | | | | | | |
| - Educational operations | 7 | - | 6,620,664 | 419,073 | 7,039,737 | 6,562,240 |
| Total expenditure | 6 | <u>5,180</u> | <u>6,620,664</u> | <u>419,073</u> | <u>7,044,917</u> | <u>6,563,850</u> |
| Net income/(expenditure) | | 431,684 | (713,716) | (325,163) | (607,195) | (252,929) |
| Transfers between funds | | (620,696) | 620,696 | - | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 18 | - | (929,000) | - | (929,000) | (30,000) |
| Net movement in funds | | <u>(189,012)</u> | <u>(1,022,020)</u> | <u>(325,163)</u> | <u>(1,536,195)</u> | <u>(282,929)</u> |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 2,970,120 | (902,980) | 15,808,521 | 17,875,661 | 18,158,590 |
| Total funds carried forward | | <u>2,781,108</u> | <u>(1,925,000)</u> | <u>15,483,358</u> | <u>16,339,466</u> | <u>17,875,661</u> |

PENRYN COLLEGE

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

FOR THE YEAR ENDED 31 AUGUST 2016

| Comparative year information Year ended 31 August 2015 | Notes | Unrestricted | Restricted funds: | | Total |
|---|----------|----------------|-------------------|------------------|------------------|
| | | Funds | General | Fixed asset | 2015 |
| | | £ | £ | £ | £ |
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 5,234 | - | 21,803 | 27,037 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 3 | 322,686 | 5,839,119 | - | 6,161,805 |
| Other trading activities | 4 | 97,347 | - | - | 97,347 |
| Investments | 5 | 24,732 | - | - | 24,732 |
| Total income and endowments | | 449,999 | 5,839,119 | 21,803 | 6,310,921 |
| Expenditure on: | | | | | |
| Raising funds | 6 | 1,610 | - | - | 1,610 |
| Charitable activities: | | | | | |
| - Educational operations | 7 | - | 6,129,735 | 432,505 | 6,562,240 |
| Total expenditure | 6 | 1,610 | 6,129,735 | 432,505 | 6,563,850 |
| Net income/(expenditure) | | 448,389 | (290,616) | (410,702) | (252,929) |
| Transfers between funds | | 8,455 | (45,555) | 37,100 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 18 | - | (30,000) | - | (30,000) |
| Net movement in funds | | 456,844 | (366,171) | (373,602) | (282,929) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 2,513,276 | (536,809) | 16,182,123 | 18,158,590 |
| Total funds carried forward | | 2,970,120 | (902,980) | 15,808,521 | 17,875,661 |

PENRYN COLLEGE

BALANCE SHEET

AS AT 31 AUGUST 2016

| | | 2016 | | 2015 | |
|--|-------|------------------|-------------------|------------------|-------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | | 15,431,446 | | 15,808,521 |
| Current assets | | | | | |
| Stocks | 12 | 6,223 | | 9,224 | |
| Debtors | 13 | 179,021 | | 177,951 | |
| Cash at bank and in hand | | 2,937,432 | | 3,093,197 | |
| | | <u>3,122,676</u> | | <u>3,280,372</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (289,656) | | (302,232) | |
| Net current assets | | | 2,833,020 | | 2,978,140 |
| Net assets excluding pension liability | | | <u>18,264,466</u> | | <u>18,786,661</u> |
| Defined benefit pension liability | 18 | | (1,925,000) | | (911,000) |
| Net assets | | | <u>16,339,466</u> | | <u>17,875,661</u> |
| Funds of the academy: | | | | | |
| Restricted funds | 16 | | | | |
| - Fixed asset funds | | | 15,483,358 | | 15,808,521 |
| - Restricted income funds | | | - | | 8,020 |
| - Pension reserve | | | (1,925,000) | | (911,000) |
| Total restricted funds | | | <u>13,558,358</u> | | <u>14,905,541</u> |
| Unrestricted income funds | 16 | | 2,781,108 | | 2,970,120 |
| Total funds | | | <u>16,339,466</u> | | <u>17,875,661</u> |

The accounts set out on pages 21 to 40 were approved by the board of trustees and authorised for issue on 08 December 2016 and are signed on its behalf by:

HS Preston
Chair

Company Number 07654298

PENRYN COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|--|-------|-----------|------------------|-----------|------------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by (used in) operating activities | 19 | | (231,438) | | 283,405 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 23,761 | | 24,732 | |
| Capital grants from DfE and EFA | | 21,786 | | 21,803 | |
| Capital funding from sponsors and others | | 72,124 | | - | |
| Payments to acquire tangible fixed assets | | (41,998) | | (72,008) | |
| | | | 75,673 | | (25,473) |
| Change in cash and cash equivalents in the reporting period | | | | | |
| | | | (155,765) | | 257,932 |
| Cash and cash equivalents at 1 September 2015 | | | 3,093,197 | | 2,835,265 |
| Cash and cash equivalents at 31 August 2016 | | | <u>2,937,432</u> | | <u>3,093,197</u> |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

These accounts for the year ended 31 August 2016 are the first accounts of Penryn College prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

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

1.3 Income

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when there is entitlement 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.

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

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

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leasing and hire purchase commitments

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

1.8 Stock

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

1.9 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.

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.10 Pensions benefits

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 Fund accounting

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

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

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

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 21,786 | 21,786 | 21,803 |
| Other donations | 3,952 | 72,124 | 76,076 | 5,234 |
| | <u>3,952</u> | <u>93,910</u> | <u>97,862</u> | <u>27,037</u> |

3 Funding for the academy's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA grants | | | | |
| General annual grant (GAG) | - | 5,231,989 | 5,231,989 | 5,181,861 |
| Other DfE / EFA grants | - | 485,715 | 485,715 | 503,345 |
| | <u>-</u> | <u>5,717,704</u> | <u>5,717,704</u> | <u>5,685,206</u> |
| Other government grants | | | | |
| Local authority grants | - | 121,937 | 121,937 | 89,944 |
| Other grants | - | 32,040 | 32,040 | 38,640 |
| | <u>-</u> | <u>153,977</u> | <u>153,977</u> | <u>128,584</u> |
| Other funds | | | | |
| Other incoming resources | 319,165 | 35,267 | 354,432 | 348,015 |
| | <u>319,165</u> | <u>35,267</u> | <u>354,432</u> | <u>348,015</u> |
| Total funding | <u>319,165</u> | <u>5,906,948</u> | <u>6,226,113</u> | <u>6,161,805</u> |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 50,653 | - | 50,653 | 55,353 |
| Other income | 39,333 | - | 39,333 | 41,994 |
| | <u>89,986</u> | <u>-</u> | <u>89,986</u> | <u>97,347</u> |

5 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 23,761 | - | 23,761 | 24,732 |
| | <u>23,761</u> | <u>-</u> | <u>23,761</u> | <u>24,732</u> |

6 Expenditure

| | Staff costs £ | Premises costs £ | Other costs £ | Total 2016 £ | Total 2015 £ |
|---|---------------------|------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 4,003,016 | - | 628,328 | 4,631,344 | 4,315,113 |
| - Allocated support costs | 1,003,121 | 682,310 | 722,962 | 2,408,393 | 2,247,127 |
| | <u>5,006,137</u> | <u>682,310</u> | <u>1,351,290</u> | <u>7,039,737</u> | <u>6,562,240</u> |
| Other expenditure | | | | | |
| Raising funds | - | - | 5,180 | 5,180 | 1,610 |
| | <u>-</u> | <u>-</u> | <u>5,180</u> | <u>5,180</u> | <u>1,610</u> |
| Total expenditure | <u>5,006,137</u> | <u>682,310</u> | <u>1,356,470</u> | <u>7,044,917</u> | <u>6,563,850</u> |

Net income/(expenditure) for the year includes:

| | 2016 £ | 2015 £ |
|---------------------------------------|----------------|----------------|
| Fees payable to auditor for: | | |
| - Audit | 3,450 | 2,800 |
| - Other services | 3,025 | 3,000 |
| Operating lease rentals | 110,535 | 51,970 |
| Depreciation of tangible fixed assets | 419,073 | 432,505 |
| | <u>536,083</u> | <u>520,275</u> |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| All from restricted funds: | | |
| Direct costs - educational operations | 4,631,344 | 4,315,113 |
| Support costs - educational operations | 2,408,393 | 2,247,127 |
| | <u>7,039,737</u> | <u>6,562,240</u> |

| | 2016 £ | 2015 £ |
|----------------------------------|------------------|------------------|
| Analysis of support costs | | |
| Support staff costs | 1,003,121 | 960,401 |
| Depreciation and amortisation | 419,073 | 432,505 |
| Technology costs | 56,113 | 53,116 |
| Premises costs | 586,524 | 497,665 |
| Other support costs | 338,997 | 299,951 |
| Governance costs | 4,565 | 3,489 |
| | <u>2,408,393</u> | <u>2,247,127</u> |

8 Staff costs

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 3,967,487 | 3,811,993 |
| Social security costs | 306,581 | 260,332 |
| Operating costs of defined benefit pension schemes | 659,570 | 571,542 |
| | <u>4,933,638</u> | <u>4,643,867</u> |
| Staff costs | 4,933,638 | 4,643,867 |
| Supply staff costs | 35,832 | 42,744 |
| Staff development and other staff costs | 36,667 | 36,923 |
| | <u>5,006,137</u> | <u>4,723,534</u> |

Staff numbers

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

| | 2016 Number | 2015 Number |
|----------------------------|----------------|----------------|
| Teachers | 65 | 65 |
| Administration and support | 65 | 62 |
| | <u>130</u> | <u>127</u> |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Higher paid staff

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

| | 2016 Number | 2015 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 2 | 2 |
| £100,000 - £110,000 | 1 | 1 |
| | ===== | ===== |

Key management personnel

The key management personnel of the academy comprise the trustees and the headteacher, deputy headteachers and director of business development and operations included within the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £318,414 (2015: £267,896).

9 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £645 (2015: £199) were reimbursed to 3 trustees (2015: 2 trustees).

The value of trustees' remuneration was as follows:

MS Hunter (headteacher):

- Remuneration £105,000 - £110,000 (2015: £100,000 -£105,000)
- Employer's pension contributions £15,000 - £20,000 (2015: £10,000 - £15,000)

A Asbury (staff):

- Remuneration £Nil (2015: £5,000 -£10,000)
- Employer's pension contributions £Nil (2015: £0 - £5,000)

AC Bick (staff):

- Remuneration £35,000 - £40,000 (2015: £35,000 -£40,000)
- Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

GJ Harries (staff):

- Remuneration £30,000 - £35,000 (2015: £50,000 -£55,000)
- Employer's pension contributions £Nil - £5,000 (2015: £5,000 - £10,000)

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

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £444 (2015: £470).

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

| | Leasehold land & buildings £ | Computer equipment £ | Furniture & equipment £ | Total £ |
|-----------------------|---------------------------------------|----------------------------|-------------------------------|------------|
| Cost | | | | |
| At 1 September 2015 | 17,124,780 | 464,791 | 244,005 | 17,833,576 |
| Additions | - | - | 41,998 | 41,998 |
| At 31 August 2016 | 17,124,780 | 464,791 | 286,003 | 17,875,574 |
| Depreciation | | | | |
| At 1 September 2015 | 1,427,066 | 417,707 | 180,282 | 2,025,055 |
| Charge for the year | 342,496 | 25,236 | 51,341 | 419,073 |
| At 31 August 2016 | 1,769,562 | 442,943 | 231,623 | 2,444,128 |
| Net book value | | | | |
| At 31 August 2016 | 15,355,218 | 21,848 | 54,380 | 15,431,446 |
| At 31 August 2015 | 15,697,714 | 47,084 | 63,723 | 15,808,521 |

12 Stocks

| | 2016 £ | 2015 £ |
|----------------|-----------|-----------|
| School uniform | 6,223 | 9,224 |

13 Debtors

| | 2016 £ | 2015 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 32,438 | 23,119 |
| VAT recoverable | 8,762 | 18,662 |
| Prepayments and accrued income | 137,821 | 136,170 |
| | 179,021 | 177,951 |

14 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 63 | 37,055 |
| Other taxation and social security | 93,222 | 78,293 |
| Other creditors | 77,543 | 67,806 |
| Accruals and deferred income | 118,828 | 119,078 |
| | 289,656 | 302,232 |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

| 15 Deferred income | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Deferred income is included within: | | |
| Creditors due within one year | 54,760 | 81,970 |
| Deferred income at 1 September 2015 | 81,970 | 24,432 |
| Released from previous years | (81,970) | (24,432) |
| Amounts deferred in the year | 54,760 | 81,970 |
| Deferred income at 31 August 2016 | 54,760 | 81,970 |

Included within deferred income of £54,760 are the following balances; £27,922 in respect EFA rates relief ; £22,665 in respect of School Trips and £4,173 in respect of deposits received for courses Penryn College are organising in 2016/17.

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

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

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

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

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Designated funds within general unrestricted funds include monies earmarked for expected future expenditure.

17 Analysis of net assets between funds

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

18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions amounting to £77,543 (2015: £67,806) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £352,283 (2015: £352,283).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.3% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £179,000.

The academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £19,100 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

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

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations (Continued)

| Total contributions made | 2016 £ | 2015 £ |
|--------------------------|-------------------|-------------------|
| Employer's contributions | 176,000 | 166,000 |
| Employees' contributions | 51,000 | 50,000 |
| | <u> </u> | <u> </u> |
| Total contributions | <u>227,000</u> | <u>216,000</u> |

| Principal actuarial assumptions | 2016 % | 2015 % |
|--|-------------------|-------------------|
| Rate of increases in salaries | 4.1 | 4.5 |
| Rate of increase for pensions in payment | 2.1 | 2.6 |
| Discount rate | 2.0 | 3.7 |
| | <u> </u> | <u> </u> |

Sensitivity analysis

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

Change in assumptions as at 31 August 2016:

0.5% decrease in Real Discount Rate - 12% approximate increase to Employer Liability equating to approximately £539,000.

1 year increase in member life expectancy - 3% approximate increase to Employer Liability equating to approximately £132,000.

0.5% increase in the Salary Increase Rate - 4% approximate increase to Employer Liability equating to approximately £168,000.

0.5% increase in the Pension Increase Rate - 8% approximate increase to Employer Liability equating to approximately £353,000.

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

| | 2016 Years | 2015 Years |
|----------------------|-------------------|-------------------|
| Retiring today | | |
| - Males | 22.2 | 22.2 |
| - Females | 24.4 | 24.4 |
| Retiring in 20 years | | |
| - Males | 24.4 | 24.4 |
| - Females | 26.8 | 26.8 |
| | <u> </u> | <u> </u> |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

| 18 Pensions and similar obligations | (Continued) | |
|--|-------------------|-------------------|
| The academy's share of the assets in the scheme | 2016 | 2015 |
| | Fair value | Fair value |
| | £ | £ |
| Equities | 1,187,000 | 858,000 |
| Bonds | 1,063,000 | 1,047,000 |
| Property | 173,000 | 147,000 |
| Other assets | 49,000 | 42,000 |
| | <u>2,472,000</u> | <u>2,094,000</u> |
| | | |
| Actual return on scheme assets - gain/(loss) | <u>229,000</u> | <u>63,000</u> |
| | | |
| Amounts recognised in the statement of financial activities | 2016 | 2015 |
| | £ | £ |
| Current service cost (net of employee contributions) | 226,000 | 220,000 |
| Net interest cost | <u>35,000</u> | <u>30,000</u> |
| | | |
| Changes in the present value of defined benefit obligations | | 2016 |
| | | £ |
| Obligations at 1 September 2015 | | 3,005,000 |
| Current service cost | | 226,000 |
| Interest cost | | 115,000 |
| Employee contributions | | 51,000 |
| Actuarial loss | | 1,078,000 |
| Benefits paid | | (78,000) |
| | | <u>4,397,000</u> |
| At 31 August 2016 | | <u>4,397,000</u> |
| | | |
| Changes in the fair value of the academy's share of scheme assets | | 2016 |
| | | £ |
| Assets at 1 September 2015 | | 2,094,000 |
| Interest income | | 80,000 |
| Return on plan assets (excluding amounts included in net interest): | | |
| Actuarial gain | | 149,000 |
| Employer contributions | | 176,000 |
| Employee contributions | | 51,000 |
| Benefits paid | | (78,000) |
| | | <u>2,472,000</u> |
| At 31 August 2016 | | <u>2,472,000</u> |

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

19 Reconciliation of net expenditure to net cash flows from operating activities

| | 2016 £ | 2015 £ |
|--|------------------|----------------|
| Net expenditure for the reporting period | (607,195) | (252,929) |
| Adjusted for: | | |
| Capital grants from DfE/EFA and other capital income | (93,910) | (21,803) |
| Investment income | (23,761) | (24,732) |
| Defined benefit pension costs less contributions payable | 50,000 | 54,000 |
| Defined benefit pension net finance cost/(income) | 35,000 | 30,000 |
| Depreciation of tangible fixed assets | 419,073 | 432,505 |
| (Increase)/decrease in stocks | 3,001 | (13) |
| (Increase)/decrease in debtors | (1,070) | 6,471 |
| Increase/(decrease) in creditors | (12,576) | 59,906 |
| Net cash used in operating activities | <u>(231,438)</u> | <u>283,405</u> |

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

| | 2016 £ | 2015 £ |
|-----------------------------------|----------------|----------------|
| Amounts due within one year | 118,488 | 118,110 |
| Amounts due in two and five years | 100,830 | 217,935 |
| | <u>219,318</u> | <u>336,045</u> |

21 Related party transactions

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

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

J Harries - husband of G Harries, a trustee. Transactions totalling £Nil (2015: £3,220) relating to employment as a teacher (including employer's pension contributions) took place in the year. There were £Nil amounts outstanding at 31 August 2016 (2015: £Nil).

B Harries - daughter of G Harries, a trustee. Transactions totalling £44,959 (2015: £32,431) relating to employment as a teacher (including employer's pension contributions) took place in the year. There were £Nil amounts outstanding at 31 August 2016 (2015: £Nil).

PENRYN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Members' liability

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

23 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

| | 1 September 2014 £ | 31 August 2015 £ |
|--|-----------------------------|-----------------------------|
| Funds as reported under previous UK GAAP and under FRS 102 | 18,158,590 | 17,875,661 |
| Change in recognition of LGPS interest cost | 1 | - |
| | <u> </u> | <u> </u> |

Reconciliation of net loss for the previous financial period

| | | 2015 £ |
|--|---|-----------------------------|
| Net expenditure as reported under previous UK GAAP and under FRS 102 | | (282,929) |
| Change in recognition of LGPS interest cost | 1 | - |
| | | <u> </u> |

Notes to reconciliations on adoption of FRS 102

1. Change in recognition of LGPS interest cost

Under previous UK GAAP the academy recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to decrease the debit to expense by £22,000 and a decrease the credit in other recognised gains and losses in the SoFA by an equivalent amount.