

Company Registration Number: 08880841 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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

CONTENTS

	Page
Reference and administrative details	1 - 2
Academies operated	3
Trustees' report	4 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditors' report on the financial statements	20 - 22
Independent reporting accountant's assurance report on regularity	23 - 24
Statement of Financial Activities incorporating income and expenditure account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the financial statements	28 - 59

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Mr R Crossland, Representative of Truro and Penwith College (Corporate Member) (resigned 30 April 2018) Mr DAJ Walrond MA, MBA, PGCE Mrs ME Winser MBE, MA(Cantab) Mr P Callen FRCS, FRCOG (Corporate Member) (appointed 1 May 2018) Dr B Vann MA, PhD, DL (appointed 1 May 2018) Mrs C Newton Cert Ed (appointed 1 May 2018) Mrs SJ Dickinson BA(Hons), FCA (resigned 30 April 2018)
Trustees	Dr J Blunden BSc(Hons), PhD, PGCE, Accounting Officer Mr R Crossland, Representative of Truro and Penwith College (Corporate Trustee) Mrs SJ Dickinson BA(Hons), FCA Mrs A Firth BA Prof. AG Livingston CBE, FCSD, DL, Vice Chair Mr TA Lister BEd(Hons) (appointed 1 January 2018) Mrs S Roby BSc(Hons), PgDipSurv, MRICS (resigned 8 July 2018) Mr A Stittle BSc(Hons), PGCE, CMath, FIMA (appointed 1 May 2018) Mr DAJ Walrond MA, MBA, PGCE (resigned 30 April 2018) Mr D Williams JP, MA Mrs ME Winser MBE, MA(Cantab), Chair Mr PJ Wroe ACMA
Company registered number	08880841
Company name	Truro & Penwith Academy Trust
Principal and registered office	Finance Office College Road Truro Cornwall TR1 3XX
Company secretary	Mrs AJ Winter BSc (Hons) (until 30 September 2018) Mr E Burns (from 1 October 2018)
Accounting Officer	Dr J Blunden BSc (Hons), PhD, PGCE
Senior management team	Dr J Blunden BSc(Hons), PhD, PGCE, Accounting and Chief Executive Officer Mrs J Brinson BA(Hons), CPFA, Chief Financial Officer & Director of Business & Finance Mrs C Fortey BEd(Hons), NPQH, PQSI, Director of Education (from 01/03/2018)
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Chy Nyverow Newham Road Truro Cornwall TR1 2DP
Bankers	Lloyds Bank Plc 7 Boscawen Street Truro Cornwall TR1 2QT

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors	Michelmores LLP Woodwater House Pynes Hill Exeter Devon EX2 5WR
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**TRURO & PENWITH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Academies Operated	Location	Principal
Pendeen School	Pendeen	Mr R Larter BA, Cert Ed, FPSC to 18 February 2018 Miss C Sweet BA (Hons), MA, from 19 February 2018
St Ives School	St Ives	Ms J Woodhouse BSc(Hons), PGCE, NPQH
St Dennis Primary Academy	St Dennis	Miss J Harvey BA, BEd (Hons)
St Just Primary School	St Just	Mrs J Larter BA, Cert Ed, NPQH
Kehelland Village School	Kehelland	Mr G Smith BA(Hons), PGCE, NPQH
Mithian School	Mithian	Mrs L Garbett BEd (Hons), NPQH
Blackwater Community Primary School	Blackwater	Mr C Wilson BSc, PGCE
Perranporth Community Primary School	Perranporth	Mr A Johnson BA (Hons), NPQH
Chacewater Community Primary School	Chacewater	Mr C Gould BA (Hons), NPQH
Threemilestone		Ms S Teagle BMus(Hons)
Roche Community Primary School	Roche	Mr J Walden BA (Hons)
St Erth Community Primary School	St Erth	Mrs N Rogers BEd (Hons), NPQH
Nancladra Primary School	Nancladra	Mr R Gill BA (Hons), PGCE, NPQH
Kennall Vale School	Ponsanooth	Mrs L Northern BEd (Hons) NPQH to 31 March 2018 Mr R Chirgwin BA(Hons) from 1 April 2018
Alverton Primary School	Penzance	Mr M Higgs BA(Hons), PGCE, NPQH
Pensans Primary School	Penzance	Mrs A Clay BA (Hons), QTS
Newlyn School	Newlyn	Mrs A Whitney BEd, NPQH to 31 st March 2018 Mrs I Stephens BSc, PGCE, NPQH from 1 April 2018
Sennen Primary School	Sennen	Mr W Coleman BA (Hons), NPQH
Mousehole CP School	Mousehole	Mr C Roynan BEng, PGCE, NPQH
Hayle Academy	Hayle	Mr A Martin BEd, NPQH
Cardinham School	Cardinham	Mrs I Bennett BA(Hons) PGCE, NPQH
Lanivet CP School	Lanivet	Mrs I Bennett BA(Hons) PGCE, NPQH
Berrycoombe CP School	Bodmin	Mr C Robertson BSc, PGCE, NPQH

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 21 primary and 2 secondary academies in Cornwall. It's academies have a combined pupil capacity of 5,082 and had a roll of 4,462 in the school census on 1 October 2017.

The Trust has grown during this period from 17 to 23 schools, welcoming 6 convertor schools bringing extensive skills and capacity to the Trust. This skill set aids the embedding of school improvement together with an increase in central support capacity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Truro & Penwith Academy Trust are also the directors of the charitable company for the purposes of company law.

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

Members' liability

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

Trustees' Indemnities

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

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

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

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

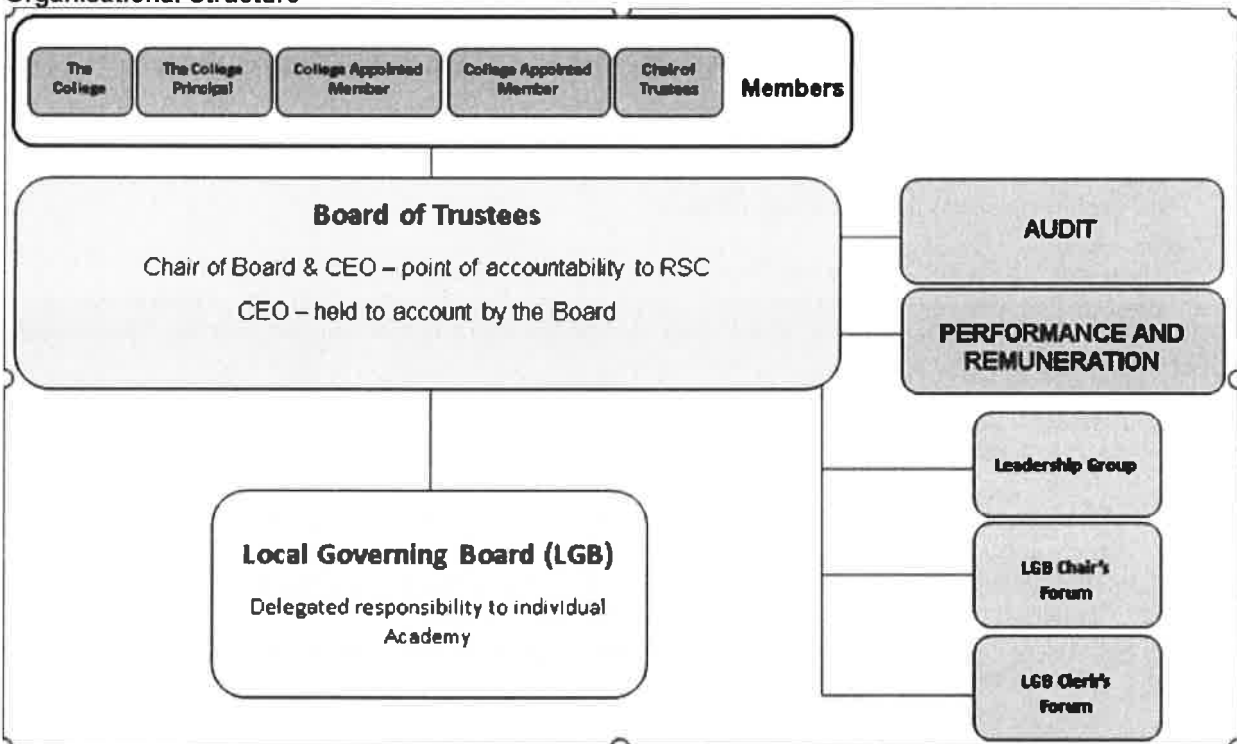
The term of office for any Trustee shall be four years except that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure



The Trust is comprised of and governed by:

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

The Board of Trustees who are responsible for, and oversee, the management and administration of the Trust and the schools run by the Trust. The Board normally meets every six weeks.

The Board establishes an overall framework for the governance of the Trust and determines responsibilities, terms of reference and procedures for the Audit Committee and Performance and Remuneration Committee. It receives reports from these committees for ratification. It monitors the activities of the committees through the minutes of their meetings.

As further detailed on page 14, the Board changed its committee structure and established an Audit Committee from 1st September 2017 which meets twice a year. It monitors and advises the Board of Trustees on the adequacy and effectiveness of the Trusts systems of internal control and its arrangements for risk management. It reviews the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Audit Committee receives and scrutinises the annual financial statements and the external auditor's management letter. The Audit Committee recommends

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

the approval of the annual financial statements and auditors letter to the Board of Trustees.

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

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

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

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

The Chief Executive is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust has established a Remuneration Committee which meets once a year and comprises the Vice Chair of the Board of Trustees, the Chair of the Audit Committee and a further Trustee. The key responsibility of this committee is:

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

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

All the Trustees give their time freely.

Connected Organisations, including Related Party Relationships

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

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

Related party transactions are detailed in Note 28 to the accounts.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum appropriate to the needs of its pupils and students

The principal aim of the Trust is:

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

Objectives, Strategies and Activities

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

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

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

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

The key priorities for 2018/19 are:

- Improving attainment and progress in writing
- Improving attainment and progress of disadvantaged pupils across all school phases
- Research and innovation for good teaching to support schools to meet the individual needs of their focus groups (e.g. disadvantaged, more able, SEND)

Public Benefit

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

STRATEGIC REPORT

Achievements and Performance

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

Target Area 1 Outcomes for Children:

- Improve disadvantaged pupil's progress by more effective teaching, intervention and support
- Improve SEND pupil's progress by more effective teaching, intervention and support
- Improve attainment and progress in KS2 Literacy by more effective teaching of reading, writing, spelling and grammar
- Improve attainment and progress in KS2 Mathematics by developing Mastery
- Improve attainment of GLD in Early Years Foundation Stage by more effective support in speech and language development to improve Literacy into KS1

Target Area 2 Leadership and Management

- Head teachers performance reviews completed by 1st December and linked to Trust and School Development Plan objectives
- All primary Head teachers participate fully in School & Headteacher Improvement Partnership clusters 17-18
- To improve L&M in schools through development activities to experience outstanding leadership in other settings
- To develop a secondary improvement model based on peer support and challenge with external reference
- To pilot the new governance model at Trustee level with Hub Review Groups reporting executive governance to the Board
- To review the Scheme of Delegated Authority

Target Area 3 Teaching, Learning and Assessment:

- All schools to participate in assessment moderation (including exam invigilation/ monitoring) and development of shared assessment tools
- All schools to develop teaching practice through enquiry based models for teacher professional development
- All schools to engage with SIMs based Trust MIS

Target Area 4 Personal Development, Behaviour and Welfare:

- All schools to improve attendance through close monitoring by leaders, teachers and support staff
- Safeguarding software CPOMs to be shared across all schools above 200 pupils
- Student resilience to improve through greater opportunity for outdoor learning and through opportunity to articulate opinions and developing values

Target Area 5 Operational Effectiveness:

- RESOURCE to become web-based and management accounts produced by routine reporting
- SIMs-based Trust MIS system introduced
- Safesmart system introduced for all Trust schools

Primary Phase Summary

During 2017-18 the Trust grew with new primary schools joining our well established Penwith Hub in the autumn and our newly forming Bodmin and Clays Hub in the summer. New schools continue to reflect the diverse communities in Cornwall, with high levels of deprivation and rural isolation.

Our priority for school improvement support was the 2014 primary mathematics curriculum, especially the learning and professional development for teaching maths mastery. Schools with significant improvement in mathematics evidenced in the key stage 2 attainment outcomes include Blackwater School (+24%), Kennall Vale School (+22%), Pendeen School (+13%), Pensans School (+23%), Roche School (+12%) and St Erth School (+36%). The attainment and progress of disadvantaged pupils in maths was monitored, with schools demonstrating improved outcomes for disadvantaged pupils in maths in priority schools.

Where schools were causing concern, additional monitoring and support included continued collaboration with the CODE Maths Hub (Cornwall and West Devon) and Cornwall Teaching School to support school leadership and teacher development. Our Trust Primary Development Day focused on mathematics and launched the work with teachers and leaders across all schools. During the year, our Director of Education was appointed with considerable school improvement expertise and our Primary Executive Leads monitored all primary schools regularly and reported to the Chief Executive and Trustees.

Hub Review Groups met regularly to monitor and evaluate all schools on a risk basis, with 360° analysis of improvement based on peer review, the school's own evaluation and Headteacher reporting, Trust senior leadership and external review, financial management support and the role of specialist school improvement support leaders in each Hub.

Secondary Phase Summary

During 2017-18 the Trust grew with a new secondary school. Hayle Academy joined in November and began to develop closer links with St Ives School. St Ives School continues to perform well, with school attainment and progress exceeding national measures. St Ives School is significantly above the national measure for achievement at Grade 5 - 9 in english and maths at 48% (compared to a National Average of 39.9%). Progress 8 is 0.14 and Attainment 8 is 48 points (above National Average of 44.3). Secondary data analysis demonstrates strong achievement and attainment by disadvantaged students and those with special educational needs and disabilities.

Continued growth in the secondary phase during 2018-19 with sponsorship of Cape Cornwall School joining in September 2018 provides further opportunities for shared practice, alignment and support.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	0
Full-time equivalent employee number	0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£ -
Total pay bill	£ -
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the going concern accounting policy in note 1.2 on page 28 of the accounts.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

FINANCIAL REVIEW

Financial Review

The majority of the Trust's income is derived from the Department for Education (DfE) via the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year to 31 August 2018, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The financial position is increasingly pressured as a result of changes in both local and national funding together with increasing costs relating to pay and general cost pressures. The Trusts schools are expected to set budgets within their annual funding and use of reserves is for agreed specific purposes rather than to use reserves to meet operational costs which is not sustainable in the long term. The schools are making budget reductions to match funding levels, however this is challenging as a large proportion of costs are staff related.

The Trust also receives grants through the Condition Improvement Fund and Schools Capital Allocation for fixed assets from the ESFA. Such grants are shown in the statement of financial activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund is reduced by annual depreciation charges over the useful life of the assets concerned.

The Trust's results show revenue surpluses for the year, excluding restricted fixed assets and before unrealised defined benefit pension scheme gains and losses and transfers, but including surpluses transferred on conversion of : Restricted surplus £5,942 and Unrestricted surplus £674,777.

The fund balances carried forward for each school was:

	Total 2018 £
Pendeen School	6,331
St Ives School	(3,437)
St Dennis Primary Academy	279,504
Blackwater Community Primary School	42,969
Mithian School	161,894
St Just Primary School	68,707
Khellan Village School	112,387
Perranporth Community Primary School	100,270
Chacewater Community Primary School	40,008
Threemilestone School	183,016
Roche Community Primary School	279,860
St Erth Community Primary	80,879
Nancledra School	27,557
Kennall Vale School	76,089
Alverton Primary School	87,132
Newlyn School	(2,390)
Pensans Primary School	172,775
Sennen Community Primary Academy	89,446
Hayle Academy	275,894
Mousehole Community Primary School	16,065
Berrycombe School	33,548
Cardinham School	78,729
Lanivet Community Primary School	91,569
Central Services	163,055
	<u>2,461,857</u>

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Reserves Policy

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

Operational – use of reserves

Trustees review reserve levels through the management accounts and usage when schools propose their annual budgets for approval. Schools are expected to set annual budgets without using reserves. Trustees challenge the use of reserves and ask for detailed reports from schools prior to approval.

Schools maintain their existing level of Reserve from their point of conversion and the Trust allows any in-year surplus to be accrued to their Reserve with a view to maintain a level of Reserve of at least the value of six weeks of the individual schools outgoing costs. Reserves are held for reinvestment in individual schools, for specific capital projects, curriculum investment and to mitigate the impact of reductions to funding.

Pooling is currently in operation at Trust level where all Reserves are reported in total in order to balance the overall position, including two schools in overall deficit which have recovery plans agreed by Trustees in place.

The Trustees consider the financial period end position of £43,292,242 (2017: £28,347,342) comprising £45,415,385 (2017: £30,574,204) of restricted fixed asset funds, £(4,560,177) (2017: £(3,989,119)) of restricted funds and £2,437,034 (2017: £1,762,257) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(4,585,000) (2017: £(4,008,000)) and general restricted funds of £24,823 (2017: £18,881).

The level of free revenue reserves held by the Trust are £2,437,034 (2017: £1,762,257).

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The Trust has entered into an agreement with the LGPS Trustees to make additional annual contributions of £193,000 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 LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Investment Policy

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

Principal Risks And Uncertainties

The principal risks affecting the Trust are:

- Performance of schools not improving sufficiently or quickly enough impacts on reputation of Trust and/or College
- The impact on the Trust reputation if Truro and Penwith College has a grade-reducing Ofsted
- External agency decision (with no right of appeal) impacts on reputation of Trust and/or College
- Numbers on roll at Trust academies do not rise in line with expectations impacting on the ability to invest in improvements and sustainability
- Failure to meet forecast budget position reduces credibility with DfE and ability to provide additional Trust-wide services to schools
- Failure to comply with ESFA Financial Handbook
- Increasing pension costs at actuarial evaluation due to market conditions
- High unit costs per pupil due to small schools and associated overheads
- PFI Contractor vulnerability and impact on Trust if the contractor ceases to trade
- Safeguarding incident that is not handled according to statutory requirements
- Health and Safety incident that is not handled according to statutory requirements
- The financial impact of future changes to funding levels from the DfE and the National Funding Formula

Mitigating actions and risk owners have been identified to address these risks. The risk register is reviewed by the Audit Committee.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Financial and risk management objectives and policies:

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

FUNDRAISING

The Trust's schools participate in fundraising activities for specific charities where the income received is paid in full to the charity, for example Sport Relief and Children in Need. The recipient of the donations is made clear to parents in advance and all contributions are voluntary. Where a school has a friends or parent teacher association which actively raises funds on its behalf, the association's fundraising standards are defined in its constitution and it works closely with the head of school to ensure its approach is consistent with the school's values. Associations with an annual income of more than £5,000 are required to register as a charity with the Charity Commission. The Trust does not work with, or have any oversight of, any commercial participators or professional fundraisers. No complaints have been received in the year regarding fundraising activities.

PLANS FOR FUTURE PERIODS

Bodriggy Academy and Cape Cornwall School will join the Trust on 1st September 2018.

The Trust is also in discussion with the Regional Schools Commissioner (RSC) regarding the rebrokerage of three schools within the county. The Trust is aiming to develop a cross-phase hub model broadly associated with the centres of operation of Truro and Penwith College.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Truro and Penwith Academy Trust is an Equal Opportunities employer and actively promotes equality across all groups within our workforce. The Trust works in conjunction with the Equality Act 2010 and supports disabled people, including those with long term health conditions, learning disabilities and those that become disabled. If the employee confirms that they have a disability, we will make reasonable adjustments to ensure that any selection processes, including the interview, are fair and equitable. We will also ensure that training and development opportunities and promotions are fair to all groups within the workforce including disabled persons.

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 11.12.18 and signed on the board's behalf by:



**Mrs ME Winser MBE, MA(Cantab)
Chair of Trustees**

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Truro & Penwith Academy Trust and the Secretary of State for Education. 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr J Blunden BSc(Hons), PhD, PGCE, Accounting Officer	6	6
Mr R Crossland, Representative of Truro and Penwith College (Corporate Trustee)	5	6
Mrs A Firth BA	4	6
Prof. AG Livingston CBE, FCSD, DL, Vice Chair	4	6
Mr TA Lister BEd(Hons)	4	4
Mrs S Roby BSc(Hons), PgDipSurv, MRICS	2	5
Mr A Stittle BSc(Hons), PGCE, CMath, FIMA	2	2
Mr DAJ Walrond MA, MBA, PGCE	4	4
Mr D Williams JP, MA	3	6
Mrs ME Winser MBE, MA(Cantab), Chair	6	6
Mr PJ Wroe ACMA	4	6

The Board completed an evaluation of its effectiveness in 2016/17. It was decided for 2017/18 to move to a single committee structure with the Board meeting each half term merging the Board responsibilities with those of the two previous sub committees Curriculum and Standards and Finance, Audit and Employment, into the Board. To recognise the need for separate scrutiny an Audit Committee was established from September 2017 in line with the governance review.

The Audit Committee is also a sub-committee of the main Board of Trustees. The Audit Committee meets twice a year its responsibilities are:

- To monitor and advise the Board on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management including oversight of financial controls and risks at constituent academies.
- To advise the Board on appointment, reappointment, dismissal and remuneration of the external auditor and the internal audit service.
- To advise the Board on the scope and programme of work of the external auditor and internal audit service.
- To advise the Board on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor and management's responses to these.
- To monitor, within an agreed timescale, the implementation of agreed recommendations arising from audit reports.
- To consider and advise the Board on relevant reports by external agencies and funding bodies and where appropriate, management's response to these.
- To establish, in conjunction with management, relevant performance measures and indicators, and to monitor the effectiveness of the internal audit service and external auditor through these measures and indicators, and decide based on this review, whether a competition for price and quality of the

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

GOVERNANCE STATEMENT (continued)

- audit service is appropriate.
- To oversee the Trust's policies on fraud, irregularity and whistleblowing ensuring that all allegations of fraud and irregularity are independently investigated, properly followed up and that outcomes are reported to the committee, the external auditor and funding body, where appropriate.
- To provide assurance on the effectiveness of the Trust's audit arrangements, risk management, control and governance processes and recommend to the Board of Trustees for approval the annual financial statements for the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr PJ Wroe ACMA - Chair	2	2
Prof. AG Livingston CBE, FCSD	1	1
Mrs S Roby BSc(Hons), PgDipSurv, MRICS	1	2
Mr A Stittle BSc(Hons), PGCE, CMath, FIMA	0	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Use of CPC framework and Deals for Schools for purchase of IT, photocopiers and insurance (non RPA)
- Use of contracts negotiated competitively by Truro and Penwith College for paper and refuse removal
- Use of specialist energy procurement, invoice validation and contract management organisation for energy supplies
- New contract awarded for the provision of meals at 4 primary schools awarded following a competitive tendering process
- Capital projects funded by Condition Improvement Fund awarded through competitive tendering processes
- Centralised procurement for legionella and PAT testing across the Trust to improve quality and cost
- Capital schemes managed centrally with competitive quotes in line with Financial Procedures obtained to ensure value for money
- Use of Risk Protection Arrangement for Trust main insurance

Improving Educational Results

The Trust continues to ensure that resources are directed where they are most needed; supporting high quality teaching and leadership in all our schools. This is demonstrated by the strong performance against national measures in areas of priority school improvement support. Increased capacity in the Central Team for school improvement support, human resource management and business management support including premises and facilities, is having a positive impact in schools. Our new Director of Education, appointed during 2017-18 has developed the school improvement offer for schools across three tiers depending on a risk based evaluation of need, and deployed specialist leadership support to individual schools on that basis.

Financial Governance and Oversight

Financial governance and oversight of TPAT is strong. The Director of Business and Finance is a qualified accountant and there are two accountants on the Board of Trustees. Financial assurance is further informed by termly reports from the internal auditors. The Board of Trustees approve the budget. The Board meets every half term where the management accounts and budget monitoring reports are reviewed and discussed. In addition, the Board considers and approves larger expenditure items in accordance with the Trust's Scheme of Delegated Authority, and ensures compliance with the Trust's financial procedures.

The Audit Committee receives and scrutinises the annual financial statements and the external auditor's

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

GOVERNANCE STATEMENT (continued)

management letter. The Audit Committee recommends the approval of the annual financial statements and auditors letter.

The Audit Committee reviews the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks. This process is regularly reviewed by the Board of Trustees.

Better Purchasing

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

The Trust reviews the main service contracts for each of its schools on an annual basis to ensure that they are still fit for purpose, effective and provide best value. This review has prompted the Trust to explore alternative service providers for some of the services previously purchased from the local authority. The Trust is able to ensure better purchasing through accessing tender arrangements, for example catering, where it took part in a large tender exercise comprising 40 schools across Cornwall to ensure greater purchasing power and better prices. The Trust also benefits from joining with Truro and Penwith College on some of its competitively arranged contracts. This has benefitted the Trust schools when arranging refuse collection and purchasing paper supplies.

The Trust is able to use its greater purchasing power to gain reductions across a number of supplies such as specialist software, books, computer supplies and support contracts and compliance contracts. The Trust is now in a better position to negotiate prices with existing and prospective suppliers.

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

Maximising Income Generation

The Trust explores every opportunity to generate income and seeks sponsorship and funding opportunities for specific projects. The Trust has successfully secured MAT Development Improvement Funding (MDIF) this year.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Truro & Penwith Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the The Board of Trustees 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 to appoint TIAA Limited as internal auditor.

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

- Testing of purchases and payment processes
- Management reporting
- Testing bank and control account reconciliations
- Testing income
- Testing payroll processes
- Testing of petty cash and Barclaycard use and processes
- Testing compliance with financial procedures
- Testing capital schemes procurement, monitoring and application of grant funding

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

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

REVIEW OF EFFECTIVENESS


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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 11-12-18 and signed on their behalf, by:


Mrs ME Winser MBE, MA(Cantab)
Chair of Trustees


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

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Truro & Penwith Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



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

Date: 11-12-18.....

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

**Mrs ME Winser MBE, MA(Cantab)
Chair of Trustees**

Date: 11 - 12 - 18

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TRURO
& PENWITH ACADEMY TRUST**

OPINION

We have audited the financial statements of Truro & Penwith Academy Trust (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TRURO
& PENWITH ACADEMY TRUST**

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TRURO
& PENWITH ACADEMY TRUST**

USE OF OUR REPORT

This report is made solely to the Trust'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 Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alison Oliver FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Chy Nyverow

Newham Road

Truro

Cornwall

TR1 2DP

Date: 18-12-18

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

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

In accordance with the terms of our engagement letter dated 13 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Truro & Penwith Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF TRURO & PENWITH ACADEMY TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Truro & Penwith Academy Trust's funding agreement with the Secretary of State for Education dated 26 March 2014, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO TRURO &
PENWITH ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alison Oliver FCA (Reporting Accountant)

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

Date: 18-12-18

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:					
Donations & capital grants:					
Donations - transfer from local authority on conversion	2 694,821	(1,297,495)	13,194,988	12,592,314	1,288,528
Donations - transfer of existing academy into the trust	2 -	-	-	-	6,221,794
Other donations and capital grants	2 188,135	-	2,333,197	2,521,332	448,390
Charitable activities	3 1,228,699	20,618,912	-	21,847,611	14,133,528
Other trading activities	4 297,579	-	-	297,579	122,546
Investments	5 6,542	-	-	6,542	3,439
TOTAL INCOME	2,415,776	19,321,417	15,528,185	37,265,378	22,218,225
EXPENDITURE ON:					
Raising funds	110,867	-	-	110,867	36,000
Charitable activities	778,482	22,255,586	871,543	23,905,611	15,378,673
TOTAL EXPENDITURE	6 889,349	22,255,586	871,543	24,016,478	15,414,673
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS	1,526,427	(2,934,169)	14,656,642	13,248,900	6,803,552
Transfers between Funds	19 (851,650)	667,111	184,539	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES	674,777	(2,267,058)	14,841,181	13,248,900	6,803,552
Actuarial gains on defined benefit pension schemes	25 -	1,696,000	-	1,696,000	2,362,000
NET MOVEMENT IN FUNDS	674,777	(571,058)	14,841,181	14,944,900	9,165,552
RECONCILIATION OF FUNDS:					
Total funds brought forward	1,762,257	(3,989,119)	30,574,204	28,347,342	19,181,790
TOTAL FUNDS CARRIED FORWARD	2,437,034	(4,560,177)	45,415,385	43,292,242	28,347,342

The notes on pages 28 to 59 form part of these financial statements.

TRURO & PENWITH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08880841

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		44,449,949		30,463,014
CURRENT ASSETS					
Debtors	15	1,569,645		866,605	
Cash at bank and in hand		4,380,306		2,416,917	
			<u>5,949,951</u>	<u>3,283,522</u>	
CREDITORS: amounts falling due within one year	16	<u>(2,509,814)</u>		<u>(1,391,194)</u>	
NET CURRENT ASSETS			<u>3,440,137</u>		1,892,328
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>47,890,086</u>		32,355,342
CREDITORS: amounts falling due after more than one year	17		<u>(12,844)</u>		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>47,877,242</u>		32,355,342
Defined benefit pension scheme liability	25		<u>(4,585,000)</u>		<u>(4,008,000)</u>
NET ASSETS			<u><u>43,292,242</u></u>		<u><u>28,347,342</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	24,823		18,881	
Fixed asset funds	19	45,415,385		30,574,204	
			<u>45,440,208</u>	<u>30,593,085</u>	
Restricted funds excluding pension liability					
Pension reserve		(4,585,000)		(4,008,000)	
			<u>40,855,208</u>	<u>26,585,085</u>	
Total restricted funds			<u>40,855,208</u>		26,585,085
Unrestricted funds	19		<u>2,437,034</u>		1,762,257
TOTAL FUNDS			<u><u>43,292,242</u></u>		<u><u>28,347,342</u></u>

The financial statements on pages 25 to 59 were approved by the Trustees, and authorised for issue, on 11-12-18 and are signed on their behalf, by:

Mrs ME Winser MBE, MA(Cantab)
Chair of Trustees

The notes on pages 28 to 59 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>572,801</u>	<u>1,162,804</u>
Cash flows from investing activities:			
Investment income		6,542	3,439
Proceeds from the sale of tangible fixed assets		-	680
Purchase of tangible fixed assets		(1,643,972)	(721,144)
Capital grants from DfE Group		2,038,286	347,579
Capital funding received from sponsors and others		294,911	31,793
Cash transferred on conversion		694,821	219,683
Net cash provided by/(used in) investing activities		<u>1,390,588</u>	<u>(117,970)</u>
Change in cash and cash equivalents in the year		1,963,389	1,044,834
Cash and cash equivalents brought forward		<u>2,416,917</u>	<u>1,372,083</u>
Cash and cash equivalents carried forward	22	<u><u>4,380,306</u></u>	<u><u>2,416,917</u></u>

The notes on pages 28 to 59 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Truro & Penwith Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year 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.

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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 trust's accounting policies.

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

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

Where assets are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants.

Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within income and donations and capital grants.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

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 allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum on cost
Leasehold property	-	2% per annum on cost
Furniture and equipment	-	6.67% - 20% per annum on cost
Motor vehicles	-	20% per annum on cost
Computer equipment	-	33% per annum on cost

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.6 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the Bank.

1.7 OPERATING LEASES

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

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.10 LIABILITIES AND PROVISIONS

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

1.11 FINANCIAL INSTRUMENTS

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.12 TAXATION

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

1.13 PENSIONS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method.

As stated in note 25, 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 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.14 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Local Authority maintained schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

1.15 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

Critical areas of judgment:

The Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations - transfer from local authority on conversion	694,821	(1,297,495)	13,194,988	12,592,314	1,288,528
Donations - transfer of existing academy into the trust	-	-	-	-	6,221,794
Subtotal detailed disclosure	694,821	(1,297,495)	13,194,988	12,592,314	7,510,322
Private sponsorship	2,680	-	-	2,680	754
Capital grants	-	-	2,276,430	2,276,430	379,372
Other grants & donations	185,455	-	56,767	242,222	68,264
Subtotal	188,135	-	2,333,197	2,521,332	448,390
	882,956	(1,297,495)	15,528,185	15,113,646	7,958,712
Total 2017	146,543	(1,469,245)	9,281,414	7,958,712	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	947,273	20,618,912	21,566,185	14,040,001
Nursery	281,426	-	281,426	93,527
	1,228,699	20,618,912	21,847,611	14,133,528
Total 2017	547,767	13,585,761	14,133,528	

In the previous year Nursery was not analysed as a separate activity. The comparative information has therefore been restated. This also affects the comparatives disclosed in Funding for Academy's Educational Operations note as set out below and the analysis of expenditure as detailed in notes 6 & 7.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	17,562,569	17,562,569	11,875,347
Start up Grants	-	141,974	141,974	45,027
Other DfE/ESFA grants	-	2,268,250	2,268,250	1,227,480
	<u>-</u>	<u>19,972,793</u>	<u>19,972,793</u>	<u>13,147,854</u>
Other government grants				
High Needs	-	501,407	501,407	289,262
Other government grants non capital	-	144,712	144,712	55,118
	<u>-</u>	<u>646,119</u>	<u>646,119</u>	<u>344,380</u>
Other funding				
Internal catering income	148,186	-	148,186	-
Sales to students	23,360	-	23,360	-
Other	775,727	-	775,727	547,767
	<u>947,273</u>	<u>-</u>	<u>947,273</u>	<u>547,767</u>
	<u>947,273</u>	<u>20,618,912</u>	<u>21,566,185</u>	<u>14,040,001</u>
Total 2017	<u>547,767</u>	<u>13,492,234</u>	<u>14,040,001</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	46,781	-	46,781	26,521
Other income	-	-	-	96,025
Insurance claims	80,374	-	80,374	-
Breakfast and After school club fees	170,424	-	170,424	-
	<u>297,579</u>	<u>-</u>	<u>297,579</u>	<u>122,546</u>
Total 2017	<u>122,546</u>	<u>-</u>	<u>122,546</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	6,542	-	6,542	3,439
Total 2017	3,439	-	3,439	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	110,867	-	-	110,867	36,000
Support costs	-	-	-	-	-
Education:					
Direct costs	14,743,478	597,628	2,075,125	17,416,231	11,135,582
Support costs	2,894,782	1,220,616	2,128,059	6,243,457	4,134,753
Nursery:					
Direct costs	216,357	4,381	5,245	225,983	108,338
Support costs	8,171	4,378	7,391	19,940	-
	<u>17,973,655</u>	<u>1,827,003</u>	<u>4,215,820</u>	<u>24,016,478</u>	<u>15,414,673</u>
Total 2017	<u>11,630,834</u>	<u>1,502,441</u>	<u>2,281,398</u>	<u>15,414,673</u>	

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. DIRECT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	69,935	1,065	71,000	-
Educational supplies	557,413	1,920	559,333	151,546
Examination fees	88,722	-	88,722	37,111
Staff development	102,781	486	103,267	36,249
Other costs	455,166	1,635	456,801	549,313
Supply teachers	257,086	-	257,086	142,323
Technology costs	72,408	139	72,547	84,473
PFI charges	388,675	1,652	390,327	351,281
Educational consultancy	202,261	-	202,261	5,088
Wages and salaries	11,316,667	179,615	11,496,282	7,597,084
National insurance	965,160	10,561	975,721	651,496
Pension cost	2,204,565	26,181	2,230,746	1,168,844
Depreciation	735,392	2,729	738,121	469,112
	<u>17,416,231</u>	<u>225,983</u>	<u>17,642,214</u>	<u>11,243,920</u>
Total 2017	<u>11,135,582</u>	<u>108,338</u>	<u>11,243,920</u>	

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. SUPPORT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	58,115	885	59,000	103,000
Other costs	47,706	129	47,835	84,137
Recruitment and support	44,371	79	44,450	10,072
Maintenance of premises and equipment	469,924	1,059	470,983	272,395
Cleaning	261,595	1,212	262,807	112,007
Rent and rates	161,867	443	162,310	111,065
Energy costs	203,061	623	203,684	120,876
Insurance	214,454	868	215,322	152,728
Security and transport	113,900	268	114,168	60,281
Catering	629,275	2,500	631,775	401,390
Technology costs	355,363	1,518	356,881	82,804
Office overheads	164,661	497	165,158	103,422
Legal and professional	288,745	840	289,585	256,283
PFI charges	70,263	292	70,555	74,781
Governance	132,435	74	132,509	54,560
Wages and salaries	1,878,883	5,432	1,884,315	1,191,190
National insurance	182,284	526	182,810	94,613
Pension cost	833,615	2,213	835,828	749,284
Depreciation	132,940	482	133,422	99,865
	<u>6,243,457</u>	<u>19,940</u>	<u>6,263,397</u>	<u>4,134,753</u>
Total 2017	<u>4,134,753</u>	<u>-</u>	<u>4,134,753</u>	

Additional disclosure of costs has been presented within the notes to the accounts. Additionally, depreciation and PFI costs have been allocated between support and direct costs. These has resulted in some changes in the comparative information presented in notes 7 & 8.

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the trust	871,538	568,557
Operating lease rentals	121,253	79,320
Auditors' remuneration - audit	10,450	-
Auditors' remuneration - other services	9,250	-
Previous auditors' remuneration - audit	-	9,500
Previous auditors' remuneration - other services	4,950	8,450
Loss on disposal of fixed asset	-	420
	<u>1,017,441</u>	<u>666,247</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	13,430,994	8,793,353
Social security costs	1,165,621	746,109
Pension costs	3,080,954	1,918,128
	<u>17,677,569</u>	<u>11,457,590</u>
Agency staff costs	257,086	142,323
Staff restructuring costs	39,000	30,921
	<u>17,973,655</u>	<u>11,630,834</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	-	4,171
Severance payments	39,000	26,750
	<u>39,000</u>	<u>30,921</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £39,000 (2017: £26,750). Individually, the payments were £6,000, £8,000, £25,000.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	229	147
Administration and support	434	341
Management	21	16
	<u>684</u>	<u>504</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	198	128
Administration and support	247	165
Management	21	16
	<u>466</u>	<u>309</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	5	3
In the band £80,001 - £90,000	1	1

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

e. Key management personnel

The key management personnel of the Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £197,161 (2017: £141,869). This being the amount recharged by Truro and Penwith College included within total recharges of £463,099 (2017: £234,478) per note 28.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

11. CENTRAL SERVICES

The Trust has provided the following central services to its academies during the year:

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

The Trust charges for these services on the following basis:

4% of GAG

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Pendeen School	17,689	16,369
St Ives School	110,620	104,913
St Dennis Primary Academy	31,518	28,422
Blackwater Community Primary School	18,441	16,666
Mithian School	16,420	14,965
St Just Primary School	27,688	25,430
Kehelland Village School	15,983	13,678
Perranporth Community Primary School	30,394	26,176
Chacewater Community Primary School	22,107	19,100
Threemilestone School	56,110	47,547
Roche Community Primary School	33,783	29,032
St Erth Community Primary School	15,928	14,743
Nancladra School	16,654	13,414
Kennall Vale School	17,833	10,009
Alverton Primary School	45,729	10,055
Newlyn School	26,068	6,002
Pensans Primary School	51,521	11,298
Sennen Community Primary Academy	15,285	-
Hayle Academy	99,560	-
Mousehole Community Primary School	14,661	-
Berrycoombe School	9,209	-
Cardinham School	3,118	-
Lanivet Community Primary School	6,183	-
	<u>702,502</u>	<u>407,819</u>
Total		

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TRUSTEES' REMUNERATION AND EXPENSES

The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment, and not in respect of their services as a Trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees.

The value of Trustees' remuneration and other benefits was as follows: Dr J Blunden (Chief Executive Officer): Remuneration £65,000 - £70,000 (2017: £55,000 - £60,000), Employer's pension contributions £10,000 - £15,000 (2017: £5,000 - £10,000).

During the year ended 31 August 2018, expenses totalling £1,051 (2017: £3,042) were reimbursed to 4 Trustees (2017: 5).

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
COST						
At 1 September 2017	12,341,542	18,277,846	21,000	740,285	306,969	31,687,642
Additions	4,900	464,296	38,696	1,053,201	82,879	1,643,972
Transfers on conversion	3,678,973	9,516,015	-	19,513	-	13,214,501
At 31 August 2018	16,025,415	28,258,157	59,696	1,812,999	389,848	46,546,115
DEPRECIATION						
At 1 September 2017	181,098	803,184	6,850	52,768	180,728	1,224,628
Charge for the year	198,939	506,716	8,347	78,851	78,685	871,538
At 31 August 2018	380,037	1,309,900	15,197	131,619	259,413	2,096,166
NET BOOK VALUE						
At 31 August 2018	15,645,378	26,948,257	44,499	1,681,380	130,435	44,449,949
At 31 August 2017	12,160,444	17,474,662	14,150	687,517	126,241	30,463,014

Included in freehold property is land of £4,923,875 (2017: £3,755,395) that is not depreciated.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. DEBTORS

	2018 £	2017 £
Trade debtors	46,474	65,729
VAT recoverable	418,203	174,704
Other debtors	58,409	165,874
Prepayments and accrued income	1,046,559	460,298
	<u>1,569,645</u>	<u>866,605</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Salix loans	6,669	-
Trade creditors	1,280,541	318,443
Other taxation and social security	301,111	215,592
Other creditors	311,394	222,905
Accruals and deferred income	610,099	634,254
	<u>2,509,814</u>	<u>1,391,194</u>

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	274,790	162,900
Resources deferred during the year	338,980	274,790
Amounts released from previous years	(274,790)	(162,900)
	<u>338,980</u>	<u>274,790</u>

Included within deferred income of £338,980 (2017: £274,790) are the following balances; £250,464 (2017: £219,616) in respect of Universal Infant Free School Meals funding; £51,072 (2017: £34,753) in respect of School Trips; £2,001 (2017: £2,001) in respect of deposits received on hire of facilities; £Nil (2017: £16,973) in respect of start up grant funding; £2,486 (2017: £1,447) in respect of Threemilestone Shells & Pebbles club fees received in advance, £29,167 (2017: £Nil) in respect of Pupil Growth funding; and £3,790 (2017: £Nil) in respect of other income received in advance.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Salix loans	<u>12,844</u>	<u>-</u>

Included within Salix loans are 3 individual Salix loans totalling £19,513 repayable in six-monthly instalments over a period of between 5 - 6 years, all loans are interest free.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets measured at amortised cost	803,657	462,781
Financial liabilities measured at amortised cost	1,586,728	677,907

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, loans, accruals and other creditors.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General funds	1,762,257	2,415,776	(889,349)	(851,650)	-	2,437,034
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	17,562,569	(18,229,680)	667,111	-	-
Start up grant	10,381	141,974	(135,706)	-	-	16,649
Other DfE / ESFA grants	-	2,268,250	(2,268,250)	-	-	-
Other government grants	-	646,119	(637,945)	-	-	8,174
Other restricted funds	8,500	49,505	(58,005)	-	-	-
Pension reserve	(4,008,000)	(1,347,000)	(926,000)	-	1,696,000	(4,585,000)
	<u>(3,989,119)</u>	<u>19,321,417</u>	<u>(22,255,586)</u>	<u>667,111</u>	<u>1,696,000</u>	<u>(4,560,177)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	29,073,414	13,194,988	(712,890)	-	-	41,555,512
Fixed assets purchased from GAG and other restricted funds	265,301	-	(72,149)	184,759	-	377,911
DfE/ESFA Capital grants	1,190,261	2,038,286	(81,162)	-	-	3,147,385
Big Lottery Grants	15,216	-	(3,021)	-	-	12,195
Local Authority capital grants	30,012	228,906	(497)	-	-	258,421
Sport England capital grants	-	9,238	-	-	-	9,238
Other capital grants	-	56,767	(1,824)	(220)	-	54,723
	<u>30,574,204</u>	<u>15,528,185</u>	<u>(871,543)</u>	<u>184,539</u>	<u>-</u>	<u>45,415,385</u>
Total restricted funds	<u>26,585,085</u>	<u>34,849,602</u>	<u>(23,127,129)</u>	<u>851,650</u>	<u>1,696,000</u>	<u>40,855,208</u>
Total of funds	<u>28,347,342</u>	<u>37,265,378</u>	<u>(24,016,478)</u>	<u>-</u>	<u>1,696,000</u>	<u>43,292,242</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. STATEMENT OF FUNDS (continued)

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

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Trust, including education and support costs.

Start up Grant – This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.

Other DfE / ESFA grants - includes grants receivable from the Education and Skills Funding Agency and the Department of Education towards the principal activity of the Trust, being the provision of education.

Other government grants - Funding received by the Local Authority to fund further support for students with additional needs as well as other Local Authority grants.

Pension reserve – This represents the Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

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

DfE/ESFA Capital grants - this fund represents the net book value of assets funded from Devolved Formula Capital, Condition Improvement Funds and other DfE/ESFA capital funds and any unspent funding from these grants at the Balance Sheet date.

Big Lottery Grants - this fund represents the net book value of assets funded from Big Lottery grants.

Local Authority Capital grants - this fund represents the net book value of assets funded from Local Authority grants.

Sport England capital grants - this fund represents the net book value of assets funded from Sport England grants.

Other capital grants - this fund represents the net book value of assets funded from other capital grants.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

A transfer of £851,650 (2017: £611,650) was made from unrestricted reserves to restricted general reserves to cover the shortfall of income over expenditure.

A transfer of £184,539 (2017: £145,790) was made from restricted general reserves to restricted fixed asset reserves, being non-grant funded fixed asset additions.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Pendeen School	6,331	(2,398)
St Ives School	(3,437)	(16,841)
St Dennis Primary Academy	279,504	218,212
Blackwater Community Primary School	42,969	46,593
Mithian School	161,894	180,891
St Just Primary School	68,707	120,863
Kehelland Village School	112,387	112,918
Perranporth Community Primary School	100,270	105,112
Chacewater Community Primary School	40,008	32,244
Threemilestone School	183,016	243,559
Roche Community Primary School	279,860	216,317
St Erth Community Primary School	80,879	112,747
Nancledra School	27,557	60,242
Kennall Vale School	76,089	95,049
Alverton Primary School	87,132	41,887
Newlyn School	(2,390)	27,726
Pensans Primary School	172,775	123,320
Sennen Community Primary Academy	89,446	-
Hayle Academy	275,894	-
Mousehole Community Primary School	16,065	-
Berrycoombe School	33,548	-
Cardinham School	78,729	-
Lanivet Community Primary School	91,569	-
Central Services	163,055	62,697
Total before fixed asset fund and pension reserve	<u>2,461,857</u>	<u>1,781,138</u>
Restricted fixed asset fund	45,415,385	30,574,204
Pension reserve	(4,585,000)	(4,008,000)
Total	<u><u>43,292,242</u></u>	<u><u>28,347,342</u></u>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
St Ives School	(3,437)
Newlyn School	(2,390)

St Ives School is carrying a net deficit of £3,437 (2017: £16,841) and Newlyn School is carrying a net deficit of £2,390 on these funds because of exceptional restructuring costs and investment in resources as part of the improvement plan for the school.

The Trust is taking the following action to return the academies to surplus:

Careful Monitoring of staff costs and ensuring the overall position is a surplus during the new few years to bring the reserves back into a positive position.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Pendeen School	349,549	45,214	14,430	148,706	557,899	505,981
St Ives School	2,306,022	412,894	90,122	415,317	3,224,355	3,302,894
St Dennis Primary Academy	639,712	112,580	12,392	190,946	955,630	1,017,764
Blackwater CP School	400,757	37,354	44,036	158,847	640,994	619,280
Mithian School	345,200	31,684	14,476	140,356	531,716	524,507
St Just Primary School	611,165	88,629	18,470	144,213	862,477	862,159
Kehelland Village School	338,567	40,168	11,491	77,890	468,116	453,575
Perranporth CP School	599,489	98,228	19,986	178,604	896,307	858,741
Chacewater CP School	447,509	49,419	15,494	222,886	735,308	750,959
Threemilestone School	1,202,738	131,716	56,284	449,348	1,840,086	1,695,820
Roche CP School	635,931	130,401	26,735	143,563	936,630	936,358
St Erth CP School	343,502	35,220	17,710	124,426	520,858	500,056
Nanchedra School	403,815	40,782	14,040	132,835	591,472	511,926
Kennall Vale School	364,153	27,670	9,395	169,504	570,722	353,410
Alverton Primary School	961,419	121,062	27,230	271,798	1,381,509	333,631
Newlyn School	619,775	86,025	12,523	158,364	876,687	220,941
Pensans Primary School	1,117,746	235,718	28,639	255,266	1,637,369	392,918
Sennen CP Academy	285,714	28,120	10,603	99,511	423,948	-
Hayle Academy	1,865,612	295,371	85,391	552,597	2,798,971	-
Mousehole CP School	287,101	35,485	8,760	115,616	446,962	-
Berrycoombe School	200,310	18,118	2,525	41,534	262,487	-
Cardinham School	64,360	6,325	1,222	26,136	98,043	-
Lanivet CP School	131,689	13,382	1,992	25,259	172,322	-
Central Services	-	423,388	15,387	349,292	788,067	429,776
	14,521,835	2,544,953	559,333	4,592,814	22,218,935	14,270,696

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
GENERAL FUNDS						
General funds	1,467,130	1,039,978	(133,201)	(611,650)	-	1,762,257
RESTRICTED FUNDS						
General Annual Grant	-	11,875,347	(12,376,815)	501,468	-	-
Start up grants	-	45,027	(34,646)	-	-	10,381
Other DfE / ESFA grants	-	1,269,539	(1,269,539)	-	-	-
Other government grants	-	437,907	(437,907)	-	-	-
Other restricted funds	-	62,696	(18,588)	(35,608)	-	8,500
Pension reserve	(4,221,000)	(1,574,000)	(575,000)	-	2,362,000	(4,008,000)
	<u>(4,221,000)</u>	<u>12,116,516</u>	<u>(14,712,495)</u>	<u>465,860</u>	<u>2,362,000</u>	<u>(3,989,119)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	20,860,310	8,682,359	(464,943)	(4,312)	-	29,073,414
Fixed assets purchased from GAG and other restricted funds	180,896	-	(62,382)	146,787	-	265,301
DfE/ESFA Capital grants	875,333	347,579	(36,963)	4,312	-	1,190,261
Big Lottery Grants	19,121	-	(2,908)	(997)	-	15,216
Local Authority capital grants	-	31,793	(1,781)	-	-	30,012
	<u>21,935,660</u>	<u>9,061,731</u>	<u>(568,977)</u>	<u>145,790</u>	<u>-</u>	<u>30,574,204</u>
Total restricted funds	<u>17,714,660</u>	<u>21,178,247</u>	<u>(15,281,472)</u>	<u>611,650</u>	<u>2,362,000</u>	<u>26,585,085</u>
Total of funds	<u>19,181,790</u>	<u>22,218,225</u>	<u>(15,414,673)</u>	<u>-</u>	<u>2,362,000</u>	<u>28,347,342</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	44,449,949	44,449,949
Current assets	4,940,179	24,823	984,949	5,949,951
Creditors due within one year	(2,503,145)	-	(6,669)	(2,509,814)
Creditors due in more than one year	-	-	(12,844)	(12,844)
Provisions for liabilities and charges	-	(4,585,000)	-	(4,585,000)
	<u>2,437,034</u>	<u>(4,560,177)</u>	<u>45,415,385</u>	<u>43,292,242</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	30,463,014	-	-	30,463,014
Current assets	3,283,522	-	-	3,283,522
Creditors due within one year	(1,391,194)	-	-	(1,391,194)
Provisions for liabilities and charges	(4,008,000)	-	-	(4,008,000)
	<u>28,347,342</u>	<u>-</u>	<u>-</u>	<u>28,347,342</u>

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	13,248,900	6,803,552
Adjustment for:		
Depreciation charges	871,538	568,557
Interest received	(6,542)	(3,439)
Loss on the sale of fixed assets	-	420
(Increase)/decrease in debtors	(703,040)	461,041
Increase in creditors	1,111,951	460,775
Capital grants from DfE and other capital income	(2,333,197)	(379,372)
Defined benefit pension scheme cost less contributions payable	796,000	472,000
Defined benefit pension scheme finance cost	130,000	103,000
Net assets and liabilities from local authority on conversion	(12,542,809)	(1,288,528)
Net assets and liabilities from Academy Trusts transferred in	-	(6,221,794)
Stock, debtors and creditors transferred on conversion	-	186,592
Net cash provided by operating activities	<u>572,801</u>	<u>1,162,804</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	4,380,306	2,416,917
	<u>4,380,306</u>	<u>2,416,917</u>

23. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017, 1 November 2017 and 1 June 2018 Sennen Community Primary Academy, Hayle Academy, Mousehole Community Primary School, Berrycoombe School, Cardinham School and Lanivet Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Truro & Penwith Academy Trust from Cornwall Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	13,194,988	13,194,988
- Other tangible fixed assets	-	-	19,513	19,513
Budget surplus on LA funds	694,821	49,505	-	744,326
LGPS pension (deficit)	-	(1,347,000)	-	(1,347,000)
Borrowing obligations - Salix	-	-	(19,513)	(19,513)
Net assets/(liabilities)	<u>694,821</u>	<u>(1,297,495)</u>	<u>13,194,988</u>	<u>12,592,314</u>

The above net assets include £694,821 that were transferred as cash.

Leasehold land and buildings have been transferred to Truro and Penwith Academy Trust from Cornwall Council under a 125 year lease.

The freehold land and buildings have been transferred to Truro and Penwith Academy Trust from Cornwall Council.

The following tables on page 53 and 54 identify the share of the identifiable assets and liabilities transferred by Academy:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

Sennen Community Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	730,770	730,770
Budget surplus on LA funds	79,783	-	-	79,783
LGPS pension (deficit)	-	(96,000)	-	(96,000)
	<u>79,783</u>	<u>(96,000)</u>	<u>730,770</u>	<u>714,553</u>
Net assets/(liabilities)	<u>79,783</u>	<u>(96,000)</u>	<u>730,770</u>	<u>714,553</u>

Hayle Academy

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	7,081,480	7,081,480
Budget surplus on LA funds	365,709	-	-	365,709
LGPS pension (deficit)	-	(640,000)	-	(640,000)
	<u>365,709</u>	<u>(640,000)</u>	<u>7,081,480</u>	<u>6,807,189</u>
Net assets/(liabilities)	<u>365,709</u>	<u>(640,000)</u>	<u>7,081,480</u>	<u>6,807,189</u>

Mousehole Community Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	1,795,432	1,795,432
Budget surplus on LA funds	66,327	-	-	66,327
LGPS pension (deficit)	-	(116,000)	-	(116,000)
	<u>66,327</u>	<u>(116,000)</u>	<u>1,795,432</u>	<u>1,745,759</u>
Net assets/(liabilities)	<u>66,327</u>	<u>(116,000)</u>	<u>1,795,432</u>	<u>1,745,759</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

Berrycoombe School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	1,883,542	1,883,542
- Other tangible fixed assets	-	-	8,973	8,973
Other assets	-	-	-	-
Budget surplus on LA funds	21,433	32,150	-	53,583
LGPS pension (deficit)	-	(239,000)	-	(239,000)
Borrowing obligations - Salix	-	-	(8,973)	(8,973)
	<u>21,433</u>	<u>(206,850)</u>	<u>1,883,542</u>	<u>1,698,125</u>
Net assets/(liabilities)	<u>21,433</u>	<u>(206,850)</u>	<u>1,883,542</u>	<u>1,698,125</u>

Cardinham School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	342,411	342,411
- Other tangible fixed assets	-	-	5,200	5,200
Budget surplus on LA funds	78,563	5,345	-	83,908
LGPS pension (deficit)	-	(77,000)	-	(77,000)
Borrowing obligations - Salix	-	-	(5,200)	(5,200)
	<u>78,563</u>	<u>(71,655)</u>	<u>342,411</u>	<u>349,319</u>
Net assets/(liabilities)	<u>78,563</u>	<u>(71,655)</u>	<u>342,411</u>	<u>349,319</u>

Lanivet Community Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,361,353	1,361,353
- Other tangible fixed assets	-	-	5,340	5,340
Budget surplus on LA funds	83,006	12,010	-	95,016
LGPS pension (deficit)	-	(179,000)	-	(179,000)
Borrowing obligations - Salix	-	-	(5,340)	(5,340)
	<u>83,006</u>	<u>(166,990)</u>	<u>1,361,353</u>	<u>1,277,369</u>
Net assets/(liabilities)	<u>83,006</u>	<u>(166,990)</u>	<u>1,361,353</u>	<u>1,277,369</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. CAPITAL COMMITMENTS

At 31 August 2018 the Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>373,496</u>	<u>61,400</u>

25. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. Both are multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £295,839 were payable to the schemes at 31 August 2018 (2017: 219,316) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. PENSION COMMITMENTS (continued)

2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,369,301 (2017: £875,394).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,009,000 (2017: £716,000), of which employer's contributions totalled £862,000 (2017: £561,000) and employees' contributions totalled £227,000 (2017: £155,000). The agreed contribution rates for future years are 17.1% for employers and 5.5% - 12.5% for employees.

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

The academy has entered into an agreement with the LGPS Trustees to make additional annual contributions totalling £193,000 per annum in addition to normal funding levels over a period of 3 years in order to bridge the scheme deficit.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.40 %	2.50 %
Inflation assumption (CPI)	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.5	24.5
Retiring in 20 years		
Males	24.0	24.0
Females	26.4	26.4

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£	£
Discount rate -0.5%	1,836,000	1,332,000
Salary rate +0.5%	259,000	207,000
CPI rate +0.5%	1,560,000	1,106,000

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSION COMMITMENTS (continued)

The Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	4,460,000	2,815,000
Bonds	3,913,000	2,576,000
Property	637,000	419,000
Cash and other liquid assets	91,000	180,000
	<u>9,101,000</u>	<u>5,990,000</u>

The actual return on scheme assets was £239,000 (2017: £455,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(1,658,000)	(1,033,000)
Past service cost	(14,380)	-
Interest income	187,000	87,000
Interest cost	(317,000)	(190,000)
	<u>(1,802,380)</u>	<u>(1,136,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	9,998,000	7,625,000
Upon conversion	2,981,000	695,000
Transferred in on existing academies joining the trust	-	2,337,000
Current service cost	1,658,000	1,033,000
Interest cost	317,000	190,000
Employee contributions	227,000	155,000
Actuarial gains	(1,457,000)	(1,994,000)
Benefits paid	(38,000)	(43,000)
	<u>13,686,000</u>	<u>9,998,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	5,990,000	3,404,000
Upon conversion	1,634,000	116,000
Transferred in on existing academies joining the trust	-	1,342,000
Interest income	187,000	87,000
Actuarial losses	239,000	368,000
Employer contributions	862,000	561,000
Employee contributions	227,000	155,000
Benefits paid	(38,000)	(43,000)
	<u>9,101,000</u>	<u>5,990,000</u>

26. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	587,014	595,643
Between 1 and 5 years	2,070,963	2,038,061
After more than 5 years	4,079,329	4,679,496
Total	<u>6,737,306</u>	<u>7,313,200</u>

Included above are future minimum lease payments under non-cancellable operating leases relating to the Trust's obligation under Private Finance Initiative (PFI) agreements. The Trust has given due regard to the guidance in the Academies Accounts Direction 2017/18 and FRS 102 and has determined that the Schools which have PFI contracts are not required to account for any assets held under service concession arrangements.

Amounts due within 1 year	£468,149
Amounts due between 1 and 5 years	£1,872,598
Amount due after more than 5 years	£3,805,737

27. MEMBERS' LIABILITY

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust 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 in accordance with the requirements of the AFH and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Truro and Penwith College - a Corporate Trustee. Transactions with no profit element totalling £463,099 (2017: £234,478) relating to recharges of costs to the Trust, and £11,561 (2017: £40,952) relating to income received from the College took place in the period. £97,057 (2017: £Nil) was owed by the Trust as at 31 August 2018. £2,175 (2017: £Nil) was owed to the Trust as at 31 August 2018. All charges to the Trust from Truro and Penwith College were provided at no more than cost and are supported by a statement of assurance.

The Eden Project - a Charity of which PJ Wroe, a trustee, is the finance director. Transactions totalling £3,237 (2017: £3,434) relating to services provided to the Trust took place in the period. £Nil (2017: £Nil) was owed by the Trust as at 31 August 2017. In entering into the transactions the Trust has complied with the requirement of ESFA's Academies Financial Handbook.

W Stevenson and Sons Limited - a company of which E Lambourn (local governing board member) is a director. Transactions totalling £1,549 (2017: £361) relating to services provided to the Trust took place in the period. £24 (2017: £Nil) was owed by the Trust as at 31 August 2018. In entering into the transactions the Trust has complied with the requirement of ESFA's Academies Financial Handbook.

ClayTAWC - a Charity of which S Margetts (local governing board member) is a trustee. Transactions totalling £Nil (2017: £20) relating to services provided to the Trust took place in the period. £Nil (2017: £Nil) was owed by the Trust as at 31 August 2018. In entering into the transactions the Trust has complied with the requirement of ESFA's Academies Financial Handbook.

J Hurr - Chair of local governing board at Hayle School. Transactions totalling £875 (2017: £Nil) relating to data reporting services provided to other Trust schools in the period. £Nil (2017: £Nil) was owed by the Trust as at 31 August 2018. In entering into the transactions the Trust has complied with the requirement of ESFA's Academies Financial Handbook - no services were provided to the School at which J Hurr is a governor.

Donations free from any restrictions totalling £124,816 (2017: £Nil) were received from Trustees in the period.

29. POST BALANCE SHEET EVENTS

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

Bodriggy Academy (Hayle) converted on 1 September 2018.

Cape Cornwall School (Penzance) converted on 1 September 2018.

The Trust is also in discussion with the Regional Schools Commissioner (RSC) regarding the rebrokerage of three schools within the county. The Trust is aiming to develop a cross-phase hub model broadly associated with the centres of operation of Truro and Penwith College.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**
