

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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

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

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr DAJ Walrond MA, MBA, PGCE Mrs ME Winser MBE, MA(Cantab), DL Mr P Callen FRCS, FRCOG (Corporate Member) Dr B Vann MA, PhD, DL Mrs C Mewton Cert Ed
Trustees	Dr J Blunden OBE, PhD, FCCT, Accounting Officer Mr R Crossland, Representative of Truro and Penwith College (Corporate Trustee) (resigned 1 October 2019) Mrs SJ Dickinson BA(Hons), FCA (resigned 3 March 2019) Mrs A Firth BA(Hons), PG Dip Ed Prof. AG Livingston CBE, FCSD, DL, Vice Chair Mr D Williams JP, MA Mrs ME Winser MBE, MA(Cantab), Chair Mr PJ Wroe ACMA (resigned 3 July 2019) Mr TA Lister BEd(Hons) Mr A Stittle BSc(Hons), PGCE, CMath, FIMA Mr J RJ Dunn BEng(Hons), CEng, MCIWEM, MAPM (appointed 1 March 2019) Mr J A Green BA(Hons) (appointed 1 March 2019) Ms J E Keyes BSc(Hons), PGCE (appointed 1 March 2019) Mr D J Austin CTA (appointed 1 November 2019)
Company registered number	08880841
Company name	Truro and 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 BA (Hons), ACMA, MBA (from 1 October 2018)
Accounting Officer	Dr J Blunden OBE, PhD, FCCT
Senior management team	Dr J Blunden OBE, PhD, FCCT, 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 Mrs H Andrew CIPD, Director of Human Resources
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Chy Nyverow Newham Road Truro Cornwall TR1 2DP

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

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Bankers Lloyds Bank Plc
 7 Boscawen Street
 Truro
 Cornwall
 TR1 2QT

Solicitors Michelmores LLP
 Woodwater House
 Pynes Hill
 Exeter
 Devon
 EX2 5WR

**TRURO & PENWITH ACADEMY TRUST
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1. TPAT LIST OF SCHOOLS

Academies Operated	Location	Principal
Pendeen School	Pendeen	Miss C Sweet BA (Hons), MA
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 N Rogers BEd (Hons), 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 Primary School	Threemilestone	Ms S Teagle BMus (Hons)
Roche Community Primary School	Roche	Mr J Walden BA (Hons)
St Erth Community Primary School	St Erth	Executive Head Mr R Gill BA (Hons), NPQH (1st Sep 2018 to 21st Dec 2018). Mr W Coleman BA (Hons), NPQH from 1st Jan 19
Nancledra Primary School	Nancledra	Mr R Gill BA (Hons), PGCE, NPQH
Kennal Vale School	Ponsanooth	Executive Head Mr C Wilson BSc, PGCE and Head of School Mr R Chirgwin BA (Hons)
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 I Stephens BSc, PGCE, NPQH
Sennen Primary School	Sennan	Mr W Coleman BA (Hons), NPQH (1st Sep 2018 to 31st Dec 2018). Mr C Roynan BEng, PGCE, NPQH (part time from 1st Jan 2019 to 31st May 2019).
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 Roberston BSc, PGCE, NPQH
Joined 1st September 2018		
Bodriggy Academy	Hayle	Mrs C Hannaford BA (Hons), PGCE
Cape Cornwall School	St Just	Executive Head Ms J Woodhouse BSc (Hons), PGCE, NPQH. Head of School Mrs S Crawley BSc (Hons), PGCE, NPQH
Joined 1st April 2019		
Gulval School	Gulval	Mr P Baker BEd
Liskeard Hillfort Primary School	Liskeard	DR T Cook EdD, PGCE, NPQH
Tywardreath School	Tywardreath	Mrs C McMorville BEd

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates 25 primary and 3 secondary academies in Cornwall. Its academies have a combined pupil capacity of 6,931 and had a roll of 5,951 in the school census for Autumn 2018.

The Trust has grown during this period from 23 to 28 schools, welcoming 1 sponsored secondary school converter and 4 primary academies bringing additional 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' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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

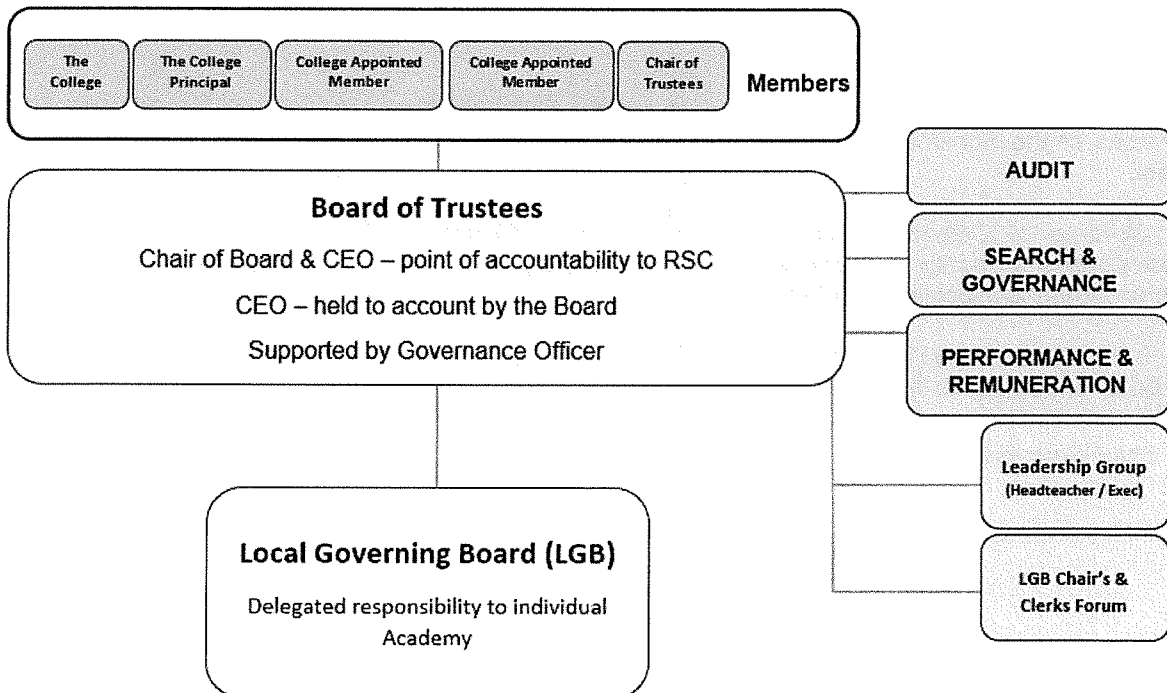
The term of office for any Trustee shall be four years except that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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

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



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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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, Performance and Remuneration Committee and the Search and Governance 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 17, the Board changed its committee structure and established an Audit Committee from 1st September 2017 which currently 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 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.

The Search and Governance Committee meets as needed on a cycle consistent with the activities and requirements of the Trust to advise the Board on the appointment of trustees to the Board and its committees, to determine the process whereby candidates are nominated, to gather, screen, shortlist and recommend appointments, to advise on governance arrangements and to make recommendations on the composition and balance of the Board.

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 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
- Considering current guidance on the remuneration of senior staff

All the Trustees give their time freely.

Connected Organisations, including Related Party Relationships

Truro & 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 29 to the accounts.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

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

The principal aim of the Trust is:

- To secure high standards in every school by developing and sustaining outstanding leadership and outcomes for children and young people through inspirational teaching and creative learning opportunities.

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
- Executive team of school improvement leaders
- 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 and Clerks Forum where the chairs and clerks of each LGB meet together once a term to discuss a range of issues

The key priorities for 2019/20 are:

- Improving attainment, progress and attendance of disadvantaged pupils across all school phases
- Improving attainment and progress in reading and phonics
- Embedding executive secondary leadership to improve standards and develop greater consistency of good practice
- Research and innovation for high quality, effective curriculum development across all school phases
- Strategic growth and collaboration to build capacity for high quality education across all phases

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 progress in Writing across Early Years, KS1 and KS2
- Improve progress of focus groups across all phases
- Improve outcomes in Key National KS4 Measures (Basics, P8, A8, EBACC, attendance)

Target Area 2 Leadership and Management

- Vulnerable schools rapidly improve – no school is placed in an Ofsted category
- Headteachers 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 18-19
- To improve L&M in schools through specific and focused personal support
- Quality assure performance management of teachers

Target Area 3 Teaching, Learning and Assessment:

- All schools to participate in assessment moderation (including exam invigilation/ monitoring) and development of shared assessment tools
- Trust Teaching and Learning Policy or Guidance in place
- To develop teaching practice through enquiry-based models for teacher professional development

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

Target Area 5 Operational Effectiveness:

- To use RESOURCE more effectively and efficiently and evaluate Integrated Curriculum and Financial Planning
- To develop a central ICT service and Connect platform
- To develop an HR recruitment and reporting system
- To use the Safesmart system effectively for all Trust schools

Primary Phase Summary

During 2018-19 the Trust grew with four new primary academies joining, three of which were re-brokered from a failing multi academy trust. 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 primary writing following analysis of the 2017-18 pupil outcomes. Overall, the Trust improved attainment in writing by 3% in Key Stage 2 and was in line with the national comparator and boy's attainment at the expected standard improved to be above the national comparator. The proportion of disadvantaged pupils attaining the expected standards improved on the Local Authority comparator and SEN pupils were either in line with or improved on the Local Authority comparator. In the Early Years Foundation Stage, overall the Trust improved the proportion achieving the good level of development by 5.5%.

Where schools were causing concern, additional monitoring and support was provided by the executive school improvement team. This included continued collaboration with the CODE Maths Hub (Cornwall and West Devon) and Cornwall Teaching School to support school leadership and teacher development. The Trust secured support in phonics and writing through the newly formed English Hub in Cornwall and our Trust Primary Development Day focused on writing, inspiring teachers and leaders across all schools. The school improvement team grew capacity with lead roles in mathematics and English, to provide bespoke support where needed in schools.

Hub Review Groups met on a termly basis 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 2018-19 the Trust grew with a new sponsored secondary school. Cape Cornwall joined in September under the executive leadership of Jan Woodhouse and a Head of School was appointed. Pupil outcomes are improving with progress in line with the national comparator and attainment at Level 5 among the best in Cornwall. St Ives School continues to perform well, with school attainment and progress exceeding national comparators. Hayle Academy has poor performance and is being supported through a Monitoring and Evaluation Group involving Trust and external experts. Support to improve the quality of learning, teaching and leadership has been a priority throughout the year. Attendance is significantly improved and in line with national. Exclusions and persistence absence are monitored regularly and are improving across all three schools.

**TRURO & PENWITH ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 policy.

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

FINANCIAL REVIEW

Financial Review

The academy's accounting period is the year to 31 August 2019.

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 2019, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The financial position is challenging as a result of changes in both local and national funding together with increasing costs relating to pay and general cost pressures. The Trust's schools are expected to set budgets within their annual funding and use of reserves is for agreed specific purposes rather than 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 has agreed a Reserves Policy and receives monitoring reports at each Board meeting. Our current level of unrestricted reserves is £3,302,220 which is 92% of our target sum.

Financial benchmarking is used to compare our schools' financial position with others and to provide challenge for financial management. The key measures considered are taken from Kreston Reeves Benchmarking and were as follows:

Measure	TPAT	All MAT's Average
Total GAG Income per Pupil	£4,227	£4,279
Staff Cost per Pupil	£4,264	£4,554
Total Costs per Pupil	£5,749	£6,419
Pupil to Teacher Ratio	21.0	21.0
Surplus/Deficit Ratio (as a % of Total Income)	2.7%	(0.8%)
Cash Balances Ratio (as a % of Total Income)	17.8%	16.0%

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

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trust receives capital grants through the Schools Condition Allocation and Specific Capital Grants from the ESFA for improvement of Capital Assets. The Trust is also in receipt of Local Authority Grants for School Access, Backlog maintenance and agreed Basic Need projects. All 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 £224k and Unrestricted surplus £533k.

School	Total 2019	Total 2018
Pendeen School	15,570	6,331
St Ives School	(61,994)	(3,437)
St Dennis Primary Academy	378,932	279,504
Blackwater Community Primary School	44,963	42,969
Mithian	155,689	161,894
St Just Primary School	(20,330)	68,707
Kehelland Village School	92,330	112,387
Perranporth Community Primary School	48,560	100,270
Chacewater Community Primary School	108,798	40,008
Threemilestone School	137,206	183,016
Roche Community Primary School	302,465	279,860
St Erth Community Primary	64,794	80,879
Nancladra School	49,711	27,557
Kennall Vale School	85,271	76,089
Alverton Primary School	154,218	87,132
Newlyn School	2,284	(2,390)
Pensans Primary School	35,207	172,775
Sennen Community Primary Academy	46,046	89,446
Hayle Academy	221,609	275,894
Mousehole Community Primary School	19,495	16,065
Berrycoombe School	8,575	33,548
Cardinham School	120,707	78,729
Lanivet Community Primary School	74,646	91,569
Cape Cornwall Secondary School	178,677	n/a
Bodriggy Academy	311,852	n/a
Gulval Primary School*	32,125	n/a
Liskeard Hillfort Primary School*	86,600	n/a
Tywardreath Primary School*	77,274	n/a
Cape Cornwall School Improvement Grant	172,529	n/a
MAT Central Services	358,411	163,055
Total	3,302,220	2,461,857

***NB These schools have an unresolved issue with the previous Trust and balances may change on resolution of this issue. This will not have a material impact on the accounts.**

**TRURO & PENWITH ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

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 individual reserves.

The Trustees have agreed that reserves should be maintained at or accrued to an individual school's reserve with a view to achieve a level of at least the value of six weeks of the individual schools outgoing costs.

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 year end position of £50,122k (2018: £43,292k) comprising £56,777k (2018: £44,450k) of restricted fixed asset funds, £173k (2018: £25k) of restricted funds and £3,129k (2018: £2,436k) of unrestricted funds to be satisfactory. The restricted funds excludes the pension reserve amounting to £(10,493k) (2018: £(4,585k)).

The level of free revenue reserves held by the Trust are £3,129k (2018: £2,436k).

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 £243,700 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
- The impact on the Trust reputation if Truro & Penwith College has a grade reducing Ofsted
- External agency decision (with no right of appeal) impacts on reputation of Trust
- 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
- Claims against the Trust for potential breach of regulations in particular DDA and GDPR
- 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 regularly reviewed by the Audit Committee.

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

The Trust has a considerable amount of Capital Investment expected for the forthcoming year to improve the condition of its estate. In addition, St Dennis Academy has secured specific grant funding for a new nursery building through the School Nurseries Capital Fund. Perranporth County Primary School has been selected by the Local Authority to increase its size to 1.5 form entry and this will be enabled through a £2m expansion project. Threemilestone Primary School has been awarded £880,000 from the local authority towards investment in school facilities including a new hall. Our three re brokered schools have been awarded a specific grant of £868,000 to improve the condition of their building fabric. This is in addition to the annual funds received for School Condition Allocation and Devolved Formula Capital.

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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Truro & 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.

Disclosure of information to auditors

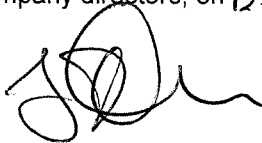
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12-12-19 and signed on its behalf by:



**Dr J Blunden OBE, PhD, FCCT
Accounting Officer**



**Mrs ME Winser MBE, MA(Cantab), DL
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. She is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 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 OBE, PhD, FCCT, Accounting Officer	6	6
Mr R Crossland, Representative of Truro and Penwith College (Corporate Trustee)	5	6
Mrs SJ Dickinson BA(Hons), FCA * *	0	3
Mrs A Firth BA(Hons), PG Dip Ed	3	6
Prof. AG Livingston CBE, FCSD, DL, Vice Chair	5	6
Mr D Williams JP, MA	3	6
Mrs ME Winser MBE, MA(Cantab), DL, Chair	6	6
Mr PJ Wroe ACMA	3	6
Mr TA Lister BEd (Hons)	5	6
Mr A Stittle BSc (Hons), PGCE, CMath, FIMA	6	6
Mr J RJ Dunn BEng(Hons), CEng, MCIWEM, MAPM	2	3
Mr J A Green BA(Hons)	2	3
Ms J E Keyes BSc(Hons), PGCE	3	3

GOVERNANCE STATEMENT (CONTINUED)

Governance (CONTINUED)

The Audit Committee is 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 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 during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr PJ Wroe ACMA - Chair	2	2
Prof. AG Livingston CBE, FCSD, DL	1	1
Mr TA Lister BEd (Hons)	2	2
Mr A Stittle BSc (Hons), PGCE, CMath, FIMA	2	2

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:

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (CONTINUED)

- Use of CPC framework and Deals for Schools for purchase of IT, photocopiers and insurance (non-RPA)
- Use of specialist energy procurement, invoice validation and contract management organisation for energy supplies
- New contract for the provision of meals at 6 primary schools awarded following a competitive tendering process
- New cleaning contract awarded for the provision of cleaning in 2 secondary and 3 primary schools following a competitive tendering process
- Capital projects funded by School Condition Allocation awarded through competitive tendering processes in line with Financial Procedures
- 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, business management support including finance, premises, facilities and ICT, is having a positive impact in schools.

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. The Chair of Trustees receives monthly financial information including management accounts, cash flow and balance sheet. Trustees receive financial and non-financial benchmarking and performance indicators for their consideration. 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 Trustees set a reserves policy and measures schools against this.

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

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Truro & Penwith Academy Trust for the year 1 September 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 regular financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by 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 internal 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 Trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned, and has reported no material issues 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.

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

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the Board of Trustees on 12/12/19 and signed on their behalf by:

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



Dr J Blunden OBE, PhD, FCCT
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 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 Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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 OBE, PhD, FCCT
Accounting Officer
Date: 12-12-19

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published 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 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 on and signed on its behalf by:

Dr J Blunden OBE, PhD, FCCT
Accounting Officer



12-12-19

**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 2019 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 2018 to 2019 issued by the Education & 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 2019 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 2018 to 2019 issued by the Education & 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.

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

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

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. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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.

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 including the Strategic 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 including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities statement, 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.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable 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: 18/12/19

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

INDEPENDENT REPORTING ACCOUNTANT'S 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 2018 to 2019, 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 2018 to 31 August 2019 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Truro & Penwith Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Truro & Penwith Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Truro & Penwith Academy Trust's funding agreement with the Secretary of State for Education dated 26 March 2014 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 noncompliance. This work was integrated with our audit on the financial statements where appropriate and included review and detailed substantive testing of transactions.

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

**INDEPENDENT REPORTING ACCOUNTANT'S 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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has 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

Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Date: 18/12/19

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

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
INCOME FROM:						
Donations and capital grants:	4					
Donations - transfer from local authority on conversion		224	(245)	2,539	2,518	12,592
Donations - transfer of existing academy into the trust		282	(1,474)	8,900	7,708	-
Other donations and capital grants		8	224	1,539	1,771	2,521
Charitable activities	5,6	1,660	28,691	-	30,351	21,847
Other trading activities		613	-	-	613	298
Investments	8	10	-	-	10	7
TOTAL INCOME		2,797	27,196	12,978	42,971	37,265
EXPENDITURE ON:						
Raising funds		142	-	-	142	111
Charitable activities		806	30,951	1,207	32,964	23,906
TOTAL EXPENDITURE		948	30,951	1,207	33,106	24,017
NET INCOME/ (EXPENDITURE)		1,849	(3,755)	11,771	9,865	13,248
Transfers between funds	20	(1,156)	1,029	127	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		693	(2,726)	11,898	9,865	13,248
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	26	-	(3,034)	-	(3,034)	1,696
NET MOVEMENT IN FUNDS		693	(5,760)	11,898	6,831	14,944
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,436	(4,560)	45,415	43,291	28,347
Net movement in funds		693	(5,760)	11,898	6,831	14,944

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
TOTAL FUNDS CARRIED FORWARD	<u>3,129</u>	<u>(10,320)</u>	<u>57,313</u>	<u>50,122</u>	<u>43,291</u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 72 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	15	56,777	44,450
		<u>56,777</u>	<u>44,450</u>
CURRENT ASSETS			
Debtors	16	1,420	1,569
Cash at bank and in hand		5,016	4,380
		<u>6,436</u>	<u>5,949</u>
Creditors: amounts falling due within one year	17	(2,586)	(2,510)
		<u>3,850</u>	<u>3,439</u>
NET CURRENT ASSETS		3,850	3,439
TOTAL ASSETS LESS CURRENT LIABILITIES		60,627	47,889
Creditors: amounts falling due after more than one year	18	(12)	(13)
NET ASSETS EXCLUDING PENSION LIABILITY		60,615	47,876
Defined benefit pension scheme liability	26	(10,493)	(4,585)
TOTAL NET ASSETS		50,122	43,291
FUNDS OF THE TRUST			
Restricted funds:			
Fixed asset funds	20	57,313	45,415
Restricted income funds	20	173	25
		<u>57,486</u>	<u>45,440</u>
Restricted funds excluding pension liability	20	57,486	45,440
Pension reserve	20	(10,493)	(4,585)
		<u>46,993</u>	<u>40,855</u>
Total restricted funds	20	46,993	40,855
Unrestricted income funds	20	3,129	2,436
		<u>50,122</u>	<u>43,291</u>
TOTAL FUNDS		50,122	43,291

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

**BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019**

The financial statements on pages 30 to 72 were approved by the Trustees, and authorised for issue on 12-12-19 and are signed on their behalf, by:



Dr J Blunden OBE, PhD, FCCT
Accounting Officer



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

The notes on pages 35 to 72 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 2019**

	Note	2019 £000	2018 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in)/provided by operating activities	22	(1,355)	572
CASH FLOWS FROM INVESTING ACTIVITIES	23	2,014	1,391
		<hr/>	<hr/>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		659	1,963
Cash and cash equivalents at the beginning of the year		4,380	2,417
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	5,039	4,380
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 35 to 72 form part of these financial statements

2. ACCOUNTING POLICIES

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

2.1 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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Truro & Penwith Academy Trust meets the definition of a public benefit entity under FRS 102.

2.2 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. ACCOUNTING POLICIES (continued)

2.3 INCOME

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

• **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' 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'.

• **Transfer on conversion**

Where assets and liabilities 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 risks 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' to the net assets received.

• **Transfer of existing academies into the Trust**

Where assets and liabilities 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. An equal amount of income is recognised for

2. ACCOUNTING POLICIES (continued)

2.3 INCOME (CONTINUED)

the transfer of an existing Academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

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

2.4 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**

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

- **Charitable activities**

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

All resources expended are 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.

2.5 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 institution with whom the funds are deposited.

2.6 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. ACCOUNTING POLICIES (continued)

2.7 TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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.

Assets in the course of construction are included at costs incurred to date. 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.

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
Long-term 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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

2.8 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.

2.9 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.

2.10 LIABILITIES

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. ACCOUNTING POLICIES (continued)

2.11 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 bases 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 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. 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.

2.12 OPERATING LEASES

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

2.13 PENSIONS

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

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

2. ACCOUNTING POLICIES (continued)

2.14 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to a 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 Cape Cornwall School to the 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 Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 30.

2.15 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 the 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.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019. 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 judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy 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 2019**

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DONATIONS					
Donations - transfer from local authority on conversion	224	(245)	2,539	2,518	12,592
Donations - transfer of existing academy into the trust	309	(1,474)	8,900	7,735	-
	<u>533</u>	<u>(1,719)</u>	<u>11,439</u>	<u>10,253</u>	<u>12,592</u>
Other grants & donations	(19)	224	-	205	246
Capital Grants	-	-	1,539	1,539	2,276
	<u>(19)</u>	<u>224</u>	<u>1,539</u>	<u>1,744</u>	<u>2,522</u>
TOTAL 2019	<u><u>514</u></u>	<u><u>(1,495)</u></u>	<u><u>12,978</u></u>	<u><u>11,997</u></u>	<u><u>15,114</u></u>
TOTAL 2018	<u><u>883</u></u>	<u><u>(1,297)</u></u>	<u><u>15,528</u></u>	<u><u>15,114</u></u>	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from charitable activities - Education	1,226	28,691	29,917	21,566
Income from charitable activities - Nursery	434	-	434	282
	<u>1,660</u>	<u>28,691</u>	<u>30,351</u>	<u>21,848</u>
TOTAL 2019	<u><u>1,660</u></u>	<u><u>28,691</u></u>	<u><u>30,351</u></u>	<u><u>21,848</u></u>
TOTAL 2018	<u><u>1,229</u></u>	<u><u>20,619</u></u>	<u><u>21,848</u></u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

6. FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DFE/ESFA GRANTS				
General Annual Grant	-	23,810	23,810	17,563
Start up grants	-	315	315	142
Other DfE/ESFA grants	-	3,542	3,542	2,268
	-	27,667	27,667	19,973
OTHER GOVERNMENT GRANTS				
High Needs	-	739	739	501
Other government grants non capital	-	285	285	145
	-	1,024	1,024	646
OTHER FUNDING				
Internal catering income	290	-	290	148
Sales to students	29	-	29	23
Other	907	-	907	776
	1,226	-	1,226	947
TOTAL 2019	1,226	28,691	29,917	21,566
TOTAL 2018	947	20,619	21,566	

7. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Lettings	61	61	47
External catering	170	170	-
Insurance claims	149	149	80
Breakfast and after school club fees	233	233	170
TOTAL 2019	613	613	297

TRURO & PENWITH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. INVESTMENT INCOME

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Bank interest	10	10	7

9. EXPENDITURE

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
EXPENDITURE ON FUNDRAISING TRADING ACTIVITIES:					
Direct costs	142	-	-	142	111
EDUCATION:					
Direct costs	20,337	762	2,937	24,036	17,416
Allocated support costs	3,876	1,844	2,899	8,619	6,243
NURSERY:					
Direct costs	229	9	10	248	226
Allocated support costs	24	1	36	61	20
TOTAL 2019	24,608	2,616	5,882	33,106	24,016
TOTAL 2018	17,974	1,827	4,215	24,016	

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Education	24,036	8,620	32,656	23,660
Nursery	248	60	308	245
TOTAL 2019	<u>24,284</u>	<u>8,680</u>	<u>32,964</u>	<u>23,906</u>
TOTAL 2018	<u>17,642</u>	<u>6,263</u>	<u>23,905</u>	

Analysis of direct costs

	Education 2019 £000	Nursery 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension finance cost	119	-	119	71
Staff costs	19,824	229	20,053	14,703
Depreciation	1,008	12	1,020	738
Educational supplies	540	1	541	559
Examination fees	97	-	97	89
Staff development	159	1	160	103
Other costs	716	-	716	457
Supply teachers	513	-	513	257
Technology costs	84	-	84	73
PFI Charges	384	5	389	390
Educational consultancy	592	-	592	202
TOTAL 2019	<u>24,036</u>	<u>248</u>	<u>24,284</u>	<u>17,642</u>
TOTAL 2018	<u>17,426</u>	<u>216</u>	<u>17,642</u>	

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2019 £000	Nursery 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension finance cost	60	-	60	59
Staff costs	3,876	24	3,900	2,903
Depreciation	187	1	188	133
Other costs	56	2	58	47
Recruitment and support	60	-	60	44
Maintenance of premises and equipment	613	4	617	471
Cleaning	353	3	356	263
Rent and rates	226	2	228	162
Energy costs	375	3	378	204
Insurance	265	2	267	215
Security and transport	178	1	179	114
Catering	927	9	936	632
Technology costs	695	5	700	357
Office overheads	228	2	230	165
Legal and professional	376	3	379	290
PFI Charges	71	-	71	71
Governance	73	-	73	133
TOTAL 2019	8,619	61	8,680	6,263
TOTAL 2018	6,243	20	6,263	

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	159	121
Depreciation of tangible fixed assets	1,207	872
Fees paid to previous auditors - other services	-	5
Fees paid to auditors for:		
- audit	19	10
- other services	7	9

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

a. STAFF COSTS

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	18,372	13,431
Social security costs	1,587	1,166
Pension costs	4,071	3,081
	<u>24,030</u>	<u>17,678</u>
Agency staff costs	513	257
Staff restructuring costs	65	39
	<u>24,608</u>	<u>17,974</u>

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	65	-
Severance payments	-	39
	<u>65</u>	<u>39</u>

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non contractual redundancy payments totalling £Nil (2018: £39,000).

c. STAFF NUMBERS

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

	2019 No.	2018 No.
Teachers	309	229
Administration and support	592	434
Management	24	21
	<u>925</u>	<u>684</u>

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

. STAFF COSTS (CONTINUED)

c. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Teachers	267	198
Administration and support	352	247
Management	23	21
	<hr/> 642 <hr/>	<hr/> 466 <hr/>

d. HIGHER PAID STAFF

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	10	5
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	2	-
	<hr/> 2 <hr/>	<hr/> - <hr/>

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 £353,000 (2018: £97,161). The amount recharged by Truro and Penwith College included within total recharges was £48,022 (2018: 463,099) per note 31.

12. 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:

4.5% of GAG (2018: 4%)

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. CENTRAL SERVICES (CONTINUED)

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
Pendeen School	19	18
St Ives School	122	111
St Dennis Primary Academy	36	31
Blackwater Community Primary School	21	18
Mithian School	19	16
St Just Primary School	29	28
Kehelland Village School	17	16
Perranporth Community Primary School	33	30
Chacewater Community Primary School	27	22
Threemilestone School	63	56
Roche Community Primary School	37	34
St Erth Community Primary School	19	16
Nancledra School	19	17
Kennall Vale School	21	18
Alverton Primary School	54	46
Newlyn School	32	26
Pensans Primary School	51	52
Sennen Community Primary School	17	15
Hayle Academy	129	100
Mousehole Community Primary School	20	15
Berrycoombe School	41	9
Cardinham School	14	3
Lanivet Community Primary School	28	6
Bodriggy Academy	60	-
Cape Cornwall School	86	-
Gulval Primary School	14	-
Liskeard Hillfort Primary School	27	-
Tywardreath Priamry School	19	-
TOTAL	1,074	703

13. 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: £95,000 - £100,000 (2018: £65,000 - £70,000), Employer's pension contributions £15,000 - £20,000 (2018: £10,000 - £15,000).

During the year ended 31 August 2019, expenses totalling £740 were reimbursed or paid directly to 2 Trustees (2018 - £1,000 to 4 Trustees).

14. 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.

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15. TANGIBLE FIXED ASSETS

	Freehold property £000	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
COST OR VALUATION						
At 1 September 2018	16,025	28,258	1,814	390	60	46,547
Additions	79	277	1,596	131	12	2,095
Transfers on conversion/merger	2,539	8,836	19	45	-	11,439
At 31 August 2019	18,643	37,371	3,429	566	72	60,081
DEPRECIATION						
At 1 September 2018	380	1,310	132	259	15	2,096
Charge for the year	252	662	190	91	13	1,208
At 31 August 2019	632	1,972	322	350	28	3,304
NET BOOK VALUE						
At 31 August 2019	18,011	35,399	3,107	216	44	56,777
At 31 August 2018	15,645	26,948	1,682	131	44	44,450

Included in freehold property is land of £5,943,000 (2018: £4,923,000) that is not depreciated.

16. DEBTORS

	2019 £000	2018 £000
DUE WITHIN ONE YEAR		
Trade debtors	26	46
Other debtors	17	59
Prepayments and accrued income	966	1,046
Tax recoverable	411	418
	1,420	1,569

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Salix loans	13	7
Trade creditors	851	1,281
Other taxation and social security	396	301
Other creditors	414	311
Accruals and deferred income	912	610
	<u>2,586</u>	<u>2,510</u>
	2019	2018
	£000	£000
Deferred income at 1 September 2018	339	275
Resources deferred during the year	438	339
Amounts released from previous periods	(339)	(275)
Deferred income at 31 August 2019	<u>438</u>	<u>339</u>

Included within deferred income of £438,000 (2018: £339,000) are the following balances; £381,000 (2018: £250,000) in respect of Universal Infant Free School Meals funding; £51,000 (2018: £51,000) in respect of School Trips; £Nil (2018: £2,000) in respects of deposits received on hire of facilities; £3,000 (2018: £2,000) in respect of Threemilestone Shells & Pebbles club fees received in advance. £Nil (2018: £29,000) in respect of Pupil Growth funding; and £1,000 (2018: £4,000) in respect of other income received in advance.

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

	2019	2018
	£000	£000
Salix loans	<u>12</u>	<u>13</u>

Included within Salix loans are 5 individual Salix loans totalling £25,000 repayable in six-monthly installments over a period of between 5 - 6 years, all loans are interest free.

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19. FINANCIAL INSTRUMENTS

	2019	2018
	£000	£000
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	-	-
Financial assets that are debt instruments measured at amortised cost	664	804
	<u>664</u>	<u>804</u>
	2019	2018
	£000	£000
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	1,329	1,587
	<u>1,329</u>	<u>1,587</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and accrued income.

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

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20. STATEMENT OF FUNDS

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
UNRESTRICTED FUNDS						
General funds	2,436	2,797	(948)	(1,156)	-	3,129
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	23,810	(24,666)	856	-	-
Other DfE/ ESFA grants	-	3,542	(3,542)	-	-	-
Start up Grant	17	315	(332)	-	-	-
Other Government grants	8	1,248	(1,256)	173	-	173
Pension reserve	(4,585)	(1,719)	(1,155)	-	(3,034)	(10,493)
	<u>(4,560)</u>	<u>27,196</u>	<u>(30,951)</u>	<u>1,029</u>	<u>(3,034)</u>	<u>(10,320)</u>

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FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	41,556	11,439	(1,102)	-	-	51,893
Fixed assets funded from GAG/DfE/ESF A funds	3,469	1,238	(103)	143	-	4,747
DfE/ESFA capital grants unspent	-	-	-	243	-	243
ESFA Specific Capital Grants	-	80	-	(75)	-	5
Devolved Formula Capital unspent	56	221	-	-	-	277
LA unspent capital grants	258	-	-	(223)	-	35
Sport England Capital grants	9	-	-	-	-	9
Other capital grants	55	-	(1)	39	-	93
Big Lottery funded assets	12	-	(1)	-	-	11
	<u>45,415</u>	<u>12,978</u>	<u>(1,207)</u>	<u>127</u>	<u>-</u>	<u>57,313</u>
TOTAL RESTRICTED FUNDS	<u>40,855</u>	<u>40,174</u>	<u>(32,158)</u>	<u>1,156</u>	<u>(3,034)</u>	<u>46,993</u>
TOTAL FUNDS	<u><u>43,291</u></u>	<u><u>42,971</u></u>	<u><u>(33,106)</u></u>	<u><u>-</u></u>	<u><u>(3,034)</u></u>	<u><u>50,122</u></u>

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 receiveable from the Education and Skills Funding Agency and

**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (CONTINUED)

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 £1,029k (2018: £852k) was made from unrestricted reserves to restricted general reserves to cover the shortfall of income over expenditure.

A transfer of £127k (2018: £185k) was made from general reserves to restricted fixed asset reserves, being non-grant funded fixed asset additions.

Fund balances at 31 August 2019 were allocated as follows:

NB: * = Joined after 1 September 2018

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by Academy

	2019	2018
	£000	£000
Alverton Primary School	154	87
Berrycoombe School	9	34
Blackwater Community Primary School	45	43
Bodriggy Academy	312	-
Cape Cornwall School *	179	-
Cardinham School *	121	79
Chacewater Community Primary School	109	40
Gulval Primary School	32	-
Hayle Academy	222	275
Kehelland Village School	92	112
Kennall Vale School	86	76
Lanivet Community Primary School	75	91
Liskeard Hillfort Primary School *	87	-
Mithian School	156	162
Mousehole Community Primary School	19	16
Nancladra School	50	27
Newlyn School	2	(2)
Pendeen School	16	6
Pensans Primary School	35	173
Perranporth Community Primary School	49	100
Roche Community Primary School	302	280
Sennen Community Primary School	46	89
St Dennis Primary Academy	379	280
St Erth Community Primary School	65	81
St Ives School	(62)	(3)
St Just Primary School	(20)	69
Threemilestone School	137	183
Tywardreath Primary School *	77	-
Cape Cornwall School Improvement Grant *	173	-
Central Services	355	163
Total before fixed asset funds and pension reserve	3,302	2,461
Restricted fixed asset fund	57,313	45,415
Pension reserve	(10,493)	(4,585)
TOTAL	50,122	43,291

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20. STATEMENT OF FUNDS (CONTINUED)

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

	Deficit £000
St Ives School	62
St Just Primary School	20
	=====

St Ives School is carrying a net deficit of £62k (2018: £3k) and St Just Primary School is carrying a net deficit of £20k (2018: £69k surplus) 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 next few years to bring the reserves back into a positive position.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (CONTINUED)

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching and education al support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Alverton Primary School	1,003	123	97	267	1,490	1,382
Berrycombe School	798	97	71	187	1,153	262
Blackwater Community Primary School	380	38	81	133	632	641
Bodriggy Academy	1,091	310	103	202	1,706	-
Cape Cornwall School *	1,310	321	203	383	2,217	-
Cardinham School *	268	28	29	89	414	98
Chacewater Community Primary School	525	61	42	189	817	735
Gulval Primary School	232	31	37	46	346	-
Hayle Academy	1,935	479	324	573	3,311	2,799
Kehelland Village School	333	40	27	62	462	468
Kennall Vale School	395	29	57	146	627	571
Lanivet Community Primary School	517	44	84	128	773	172
Liskeard Hillfort Primary School *	446	77	79	85	687	-
Mithian School	351	43	29	120	543	532
Mousehole Community Primary School	335	42	39	90	506	447
Nancladra School	372	40	41	87	540	592
Newlyn School	563	86	95	153	897	877
Pendeen School	324	45	52	109	530	558
Pensans Primary School	1,088	244	68	238	1,638	1,637
Perranporth Community Primary School	567	100	116	157	940	896
Roche Community Primary School	647	109	104	117	977	937
Sennen Community Primary School	305	30	35	89	459	424
St Dennis Primary Academy	639	129	32	213	1,013	956
St Erth Community Primary School	342	38	52	103	535	521

**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	
	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds £000		
St Ives School	1,938	565	246	377	3,126	3,224
St Just Primary School	596	102	62	107	867	862
Threemilestone School	1,245	161	135	353	1,894	1,840
Tywardreath Primary School	305	57	33	51	446	-
Central Services	9	810	22	383	1,224	788
TRUST	18,859	4,279	2,395	5,237	30,770	22,219

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (CONTINUED)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS					
General funds	1,762	2,415	(889)	(852)	2,436
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	-	17,563	(18,230)	667	-
Other DfE/ ESFA grants	-	2,268	(2,268)	-	-
Start up Grant	10	142	(135)	-	17
Other Government grants	-	646	(638)	-	8
Other restricted general funds	9	49	(58)	-	-
Pension reserve	(4,008)	(1,347)	(926)	1,696	(4,585)
	<u>(3,989)</u>	<u>19,321</u>	<u>(22,255)</u>	<u>2,363</u>	<u>(4,560)</u>
RESTRICTED FIXED ASSET FUNDS					
Fixed assets transferred on conversion	29,073	13,195	(712)	-	41,556
Fixed assets funded from GAG/DfE/ESFA funds	265	-	(72)	185	378
DfE/ESFA capital grants unspent	1,190	2,038	(81)	-	3,147
LA unspent capital grants	30	229	(1)	-	258
Sport Engand Capital grants	-	9	-	-	9
Other capital grants	-	57	(2)	-	55
Big Lottery funded assets	15	-	(3)	-	12
	<u>30,573</u>	<u>15,528</u>	<u>(871)</u>	<u>185</u>	<u>45,415</u>
TOTAL RESTRICTED FUNDS	<u>26,584</u>	<u>34,849</u>	<u>(23,126)</u>	<u>2,548</u>	<u>40,855</u>
TOTAL FUNDS	<u><u>28,346</u></u>	<u><u>37,264</u></u>	<u><u>(24,015)</u></u>	<u><u>1,696</u></u>	<u><u>43,291</u></u>

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**TRURO & PENWITH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	56,777	56,777
Current assets	5,715	173	548	6,436
Creditors due within one year	(2,586)	-	-	(2,586)
Creditors due in more than one year	-	-	(12)	(12)
Provisions for liabilities and charges	-	(10,493)	-	(10,493)
TOTAL	<u>3,129</u>	<u>(10,320)</u>	<u>57,313</u>	<u>50,122</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	44,450	44,450
Current assets	4,940	25	985	5,950
Creditors due within one year	(2,503)	-	(7)	(2,510)
Creditors due in more than one year	-	-	(13)	(13)
Provisions for liabilities and charges	-	(4,585)	-	(4,585)
TOTAL	<u>2,437</u>	<u>(4,560)</u>	<u>45,415</u>	<u>43,292</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£000	£000
Net income for the year (as per Statement of Financial Activities)	9,865	13,248
ADJUSTMENTS FOR:		
Depreciation	1,208	872
Capital grants from DfE and other capital income	(3,542)	(2,333)
Interest receivable	(10)	(7)
Defined benefit pension scheme cost less contributions payable	952	796
Defined benefit pension scheme finance cost	179	130
Decrease/(increase) in debtors	149	(703)
Increase in creditors	70	1,112
Net assets and liabilities from local authority on conversion	(10,226)	(12,543)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(1,355)	572

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2019	2018
	£000	£000
Dividends, interest and rents from investments	10	7
Purchase of tangible fixed assets	(2,095)	(1,644)
Capital grants from DfE Group	3,542	2,038
Capital funding received from sponsors and others	-	295
Cash transferred on conversion	224	695
Cash transferred from joining Academies	333	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,014	1,391

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019	2018
	£000	£000
Cash in hand	5,039	4,380
TOTAL CASH AND CASH EQUIVALENTS	5,039	4,380

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. CAPITAL COMMITMENTS

	2019 £000	2018 £000
Contracted but not provided for in these financial statements	<u>61</u>	<u>373</u>

26. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teachers' 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 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 £399,256 were payable to the schemes at 31 August 2019 (2018 - £295,839) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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 2016 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 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

26. PENSION COMMITMENTS (CONTINUED)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £1,835,254 (2018 - £1,369,301).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,584,000 (2018 - £1,089,000), of which employer's contributions totalled £1,236,000 (2018 - £862,000) and employees' contributions totalled £348,000 (2018 - £227,000). 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.40	2.40
Discount rate of scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.30	2.30

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

	2019	2018
	Years	Years
<i>RETIRING TODAY</i>		
Males	21.1	22.1
Females	23.6	24.5
<i>RETIRING IN 20 YEARS</i>		
Males	22.3	24.0
Females	25	26.4

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (CONTINUED)

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate -0.5%	3,696	1,836
Salary rate +0.5%	391	259
CPI rate +0.5%	3,244	1,560
	<u><u> </u></u>	<u><u> </u></u>

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

	At 31	At 31 August
	August 2019	2018
	£000	£000
Equities	8,341	4,460
Corporate bonds	6,138	3,913
Property	1,102	637
Cash and other liquid assets	157	91
TOTAL MARKET VALUE OF ASSETS	<u><u>15,738</u></u>	<u><u>9,101</u></u>

The actual return on scheme assets was £1,297,000 (2018 - £239,000).

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

	2019	2018
	£000	£000
Current service cost	(2,188)	(1,658)
Past service cost	(24)	(14)
Interest income	334	187
Interest cost	(523)	(317)
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES	<u><u>(2,401)</u></u>	<u><u>(1,802)</u></u>

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26. PENSION COMMITMENTS (CONTINUED)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £000	2018 £000
AT 1 SEPTEMBER	13,686	9,998
Conversion of academy trust	723	2,981
Transferred in on existing academies joining the Trust	4,448	-
Current service cost	2,188	1,658
Interest cost	523	317
Employee contributions	348	227
Actuarial losses/(gains)	4,331	(1,457)
Benefits paid	(40)	(38)
Past service costs	24	-
AT 31 AUGUST	26,231	13,686

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £000	2018 £000
AT 1 SEPTEMBER	9,101	5,990
Conversion of academy trust	524	1,634
Transferred in on existing academies joining the Trust	2,928	-
Interest income	344	187
Actuarial gains	1,297	239
Employer contributions	1,236	862
Employee contributions	348	227
Benefits paid	(40)	(38)
AT 31 AUGUST	15,738	9,101

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**NOTES TO THE FINANCIAL STATEMENTS
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27. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Not later than 1 year	607	587
Later than 1 year and not later than 5 years	2,177	2,071
Later than 5 years	3,657	4,079
	<u>6,441</u>	<u>6,737</u>

Included above are future minimum lease payments under non-cancelable 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 2018/19 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	£478,000
Amounts due between 1 and 5 years	£1,913,000
Amounts due after more than 5 years	£3,805,000

28. 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.

29. RELATED PARTY TRANSACTIONS

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

Truro and Penwith College - a Corporate Member. Transactions with no profit element totalling £48,022 (2018: £463,000) relating to recharges of costs to the Trust, and £62,924 (2018: £12,000) relating to income received from the College took place in the period. £81 (2018: £97,000) was owed by the Trust as at 31 August 2019 £53 (2018: £2,000) was owed to the Trust as at 31 August 2019. 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 £7,870 (2018: £3,000) relating to services provided to the Trust took place in the period. £Nil (2018: £Nil) was owed by the Trust as at 31 August 2019. 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 £1,550 (2018: £2,000) relating to services provided to the Trust took place in the period. £Nil (2018: £Nil) was owed by the Trust as at 31 August 2019. 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 £800 (2018: £1,000) relating to data reporting services provided to other Trust schools in the period. £Nil (2018: £Nil) was owed by the Trust as at 31 August 2019. 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 £125,000 (2018: £125,000) were received from Trustees in the period.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

30. CONVERSION TO AN ACADEMY TRUST

On 1 September 2018 Cape Cornwall 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 heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - 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 £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
TANGIBLE FIXED ASSETS				
Freehold land and buildings	-	-	2,539	2,539
CURRENT ASSETS				
Cash - representing budget surplus on LA funds	224	-	-	224
Pension (deficit)	-	(245)	-	(245)
NET ASSETS/(LIABILITIES)	<u>224</u>	<u>(245)</u>	<u>2,539</u>	<u>2,518</u>

The above net assets include £224,000 that were transferred in cash.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

31. TRANSFER OF EXISTING ACADEMIES INTO THE TRUST

Bodriggy Academy

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
TANGIBLE FIXED ASSETS			
Long-term leasehold property	2,576	-	2,576
Furniture and equipment	16	-	16
Computer equipment	3	-	3
CURRENT ASSETS			
Stocks	1	-	1
Debtors due within one year	43	-	43
Cash at bank and in hand	333	-	333
LIABILITIES			
Creditors due within one year	(95)	-	(95)
PENSIONS			
Pensions - pension scheme liabilities	(727)	(169)	(896)
NET ASSETS			
	2,150	(169)	1,981
	2,150	(169)	1,981

ALAT academy schools - Gulval School, Liskeard Hillfort School and Tywardreath School

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
TANGIBLE FIXED ASSETS			
Long-term leasehold property	6,326	(66)	6,260
Furniture and equipment	8	(4)	4
Computer equipment	61	(20)	41
PENSIONS			
Pensions - pension scheme liabilities	(469)	(109)	(578)
NET ASSETS			
	5,926	(199)	5,727
	5,926	(199)	5,727