

# **Penair School**

(A company limited by guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2020

Company Registration number: 07557657 (England and Wales)

# **Penair School**

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# **Penair School**

## **Reference and Administrative Details**

<b>Members</b>	D J Matthew N D Vincent S J Cadge (resigned 14 September 2019) E M Seale (appointed 11 December 2019)
<b>Trustees (Directors)</b>	L Bray A J Brigden J C Davidson, Headteacher M Gendall J Parker A P J Polglase (resigned 30 October 2019) E M Seale, Chair as of 12 December 2019 D J Matthew, Chair until 12 December 2019 J W Ashton C M Power A D Morgan (resigned 31 August 2020) C J Pascoe (appointed 27 January 2020) R J Ingram (appointed 27 January 2020)
<b>Company Secretary</b>	G Hakin
<b>Senior Management Team</b>	JC Davidson, Headteacher RA Sharpe, Deputy Headteacher M Eastburn-Cutts, Deputy Headteacher N Hosking, Assistant Headteacher CH Finlay, Assistant Headteacher BP Crowe, Data Manager M Withecombe, Professional Tutor G Hakin, Business Manager
<b>Principal and Registered Office</b>	St Clement TRURO Cornwall TR1 1TN
<b>Company Registration Number</b>	07557657 (England and Wales)

## **Penair School**

### **Reference and Administrative Details (continued)**

<b>Independent Auditors</b>	PKF Francis Clark Statutory Auditor Lowin House Tregolls Road TRURO Cornwall TR1 2NA
<b>Bankers</b>	Lloyds Bank Plc 234 High Street EXETER Devon EX4 3NL
<b>Solicitors</b>	Cornwall Council Legal Services Room 458 County Hall TRURO Cornwall TR1 3AY

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates an Academy for pupils aged 11 to 16 serving a catchment area in Truro. It has a pupil capacity of 1,050 and had a roll of 1,023 in the school census on 1 October 2020.

### **Structure, Governance and Management**

#### ***Constitution***

The Academy 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 Academy Trust. The Trustees of Penair School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Penair School.

Details of the Trustees who served during the year, and to the date of these accounts, are included in the Reference and Administrative Details on page 1.

#### ***Members' Liability***

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

#### ***Trustees' Indemnities***

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy Trust also purchased and maintained liability insurance for its Trustees.

#### ***Method of recruitment and appointment or election of Trustees***

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

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

- up to 7 trustees who are appointed by members;
- a minimum of 2 parent trustees who are elected by parents of registered pupils at the charitable company;
- any staff trustees appointed by the governing body;
- up to 3 co-opted trustees who are appointed by the governing body;
- the Headteacher who is treated for all purposes as being an ex officio trustee.

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

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

## **Penair School**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### ***Policies and procedures adopted for the induction and training of Trustees***

The school has an induction process to support all new trustees that includes the requirement to undertake training provided by an appropriate external body.

#### ***Organisational Structure***

Penair School has followed the organisational structure laid down in the Articles of Association that were registered with Companies House on 9 March 2011.

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

A business and enterprise committee also meets regularly throughout the year. Trustees are also assigned specific areas of focus aligned to the management and administration of the charitable company, or specific teaching department links. The governing board committees operate in accordance with documented terms of reference.

The responsibilities of the finance and general purposes committee are carried out by the business and enterprise committee. The business and enterprise committee also incorporates the duties of an audit committee in accordance with the Academies Financial Handbook requirements.

#### ***Arrangements for setting pay and remuneration of key management personnel***

The pay review committee is in place to approve recommendations for teachers pay against successful completion of performance management processes.

Penair complies with Cornwall Council terms and conditions and national teaching standards.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### ***Trade union facility time***

#### **Relevant union officials**

<b>Number of employees who were relevant union officials during the relevant period</b>	<b>Full-time equivalent employee number</b>
2	2

#### **Percentage of time spent on facility time**

<b>Percentage of time</b>	<b>Number of employees</b>
1% - 50%	2

#### **Percentage of pay bill spent on facility time**

<b>Provide the total cost of facility time</b>	£1,500 approx.
<b>Provide the total pay bill</b>	£3,197,153
<b>Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100</b>	0.05%

#### **Paid trade union activities**

<b>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100</b>	100%
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#### ***Related Parties and other Connected Charities and Organisations***

From 1 September 2012, Penair School became the sponsoring academy for Tregolls School, an Academy. J Davidson, Headteacher and trustee of Penair School, is a trustee of Tregolls School, an Academy. One other trustee of Penair School was also a trustee of Tregolls School, an Academy during the year. A trustee of Penair School was a trustee of Archbishop Benson Church of England Primary School during the year. The spouse of a trustee of Penair School was also a trustee of Archbishop Benson Church of England Primary School during the year.

#### **Objectives and Activities**

##### ***Objects and Aims***

The principal object and activity of the charitable company is to advance for the public benefit education in the United Kingdom by maintaining, managing and developing a school offering a broad and balanced curriculum.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### ***Objectives, Strategies and Activities***

The charitable company's primary objective during the period was to increase collaborative working between academies to improve standards of education for the children of the charitable company.

Penair is an inclusive school, focused on ensuring that all its students make excellent progress in a supportive, safe yet challenging environment. Its broad curriculum offer and committed staff ensure that all of its students have the opportunity to pursue the subjects that excite and interest them. Its purpose is to create a caring, learning community of high quality where everyone is valued for who they are and for what they may become. Penair School is extremely proud of the progress that it has made in recent years. In April 2017 the school was graded 'Good' by Ofsted who stated "The Headteacher and senior leaders communicate a combination of a complete commitment to pupils, a clarity of expectation and an empathy for teachers who are working hard. The result is a staff who are very motivated and empowered to improve."

The school is focused on improving outcomes for students and for the last three years Penair students have consistently achieved above average in most school performance measures when compared with its peers both locally and nationally.

### ***Public Benefit***

The Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Strategic Report**

#### **Achievements and Performance**

Throughout lockdown the students were supported by school staff. Google Classrooms and Microsoft Teams were used as learning platforms and lessons were broadcast and recorded, work was set and feedback given. Weekly phone calls were made to children and books and learning packs also delivered when necessary.

The school remained open throughout lockdown for vulnerable and key worker children and on 1st June the majority of year 10 returned to school. Key worker student numbers increased and bubbles were filled with students from years 7, 8, 9 and 10 who attended five days a week. This eased the transition back into school. During this difficult time many positive comments were made about the education the students had received during lockdown, the transition back and school organisation.

Laptops and 4G wireless routers were received from local and central government and distributed to assist disadvantaged year 10 students. Safeguarding concerns were prioritised and dealt with, liaising with outside agencies.

The school has invested in laptops and visualisers in order to equip the teaching staff with the technology needed to continue to broadcast lessons to students in the event of further school closure. Staff have engaged in training to build confidence and skills in delivering a seamless programme of teaching a learning.

#### ***Key Non-Financial Performance Indicators***

It is important to note that Summer 2020 was like no other and there is a health warning when comparing to previous years examination results. On 18th March 2020, the Government announced the cancellation of all GCSE and other examinations for 2019/2020 academic year and used a teacher assessed approach – Centre Assessed Grades (CAGs). The school was in a strong position to support teachers across all subjects and was able to present staff with a rigorous and robust process to making their teacher assessments in a manner that reflected the efforts of our students.

The 2020 Exam Grades awarded by the Exam Boards are the higher of the Centre Assessed Grades (CAGs) submitted by Penair and a calculated exam board grade. 2020 Exam Grades are not directly comparable with previous years and should be treated with caution. The Exam Grades are most closely aligned with the summer 2018 results, most key measures being in line with or better than this year group.

At Penair School in 2020, 80% of students achieved grades 9-4 or equivalent (previously A\* - C) in 5 or more GCSE subjects including English and mathematics compared to 64% in 2019 and 75% in 2018. The latest national average available (2019) was 61%.

82% of students achieved grade 4 and above (9-4) in English and Maths (DfE 'Standard Pass' equivalent to previous A\*-C) compared to 68% in 2019 and 79% in 2018. The latest national average available (2019) was 64%.

53% of students achieved grade 5 (new DfE 'Good Pass') and above (9-5) in English and Maths compared to 47% in 2019 and 54% in 2018. The latest national average available (2019) was 43%.

33% of Penair students achieved 3 or more A\*-A grades compared to 21% in 2019 and 28% in 2018.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Strategic Report**

The whole school Progress 8 figure (based on a national sample) is cautiously and provisionally 0.04 classing the school as in line with national average (compared to national average of -0.03 in 2019); this measures progress across the best 8 subjects for each student. Attainment 8 is 53.8 compared to 46.6 in 2019 and 50.3 in 2018. The latest national average available (2019) was 46.5.

On GCSE results day Headteacher James Davidson said: "I would like to congratulate all Penair students on their GCSE grades this year. Students have worked extremely hard and their grades are a tribute to their commitment and hard work. I would like to thank their teachers and other staff who have taught and supported students so effectively, and also parents who have nurtured and encouraged students throughout their time at school."

In terms of the numbers of students on roll, from the October 2020 School Census, Penair school had 1023 students this is up from 946 students at the Autumn 2019 Census. The current Number on Roll compares favourably to previous years, there were 918 students at the Autumn 2018 Census and 869 in Autumn 2017.

#### ***Going Concern***

The academy has made cost savings during the Covid-19 pandemic through reduced running costs and continued funding from the ESFA and has subsequently added to its reserves at the year end.

It is already evident however that this will not be the case for the coming financial year where we are seeing escalating costs for supply cover as teaching staff are having to self-isolate. This coupled with increased costs for PPE and enhanced hygiene measures and the loss of income from letting of school facilities will see our reserves reduce in the 2020-21 year by an estimated £100k. As detailed in the reserves policy section below the Trust has sufficient available reserves to cover any such deficit and the Trustees are confident that the implemented recovery plan will see a return to an annual surplus position within three years thus strengthening reserves further.

Having considered this, and after making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, as further detailed in the reserves policy below. 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 Statement of Accounting Policies.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Strategic Report**

#### **Financial Review**

Most of the academy's income is derived from the 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 2020, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2020, total revenue expenditure of £5,127k was covered by recurrent grant funding from the DfE, together with other incoming resources of £5,372k. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £245k (2019: expenditure over income of £108k).

The academy also receives grants for fixed assets from the ESFA. Such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund will be reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

At 31 August 2020 the net book value of fixed assets was £13,377k and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

#### ***Financial and risk management objectives and policies***

Penair School has limited exposure to major financial risks given the funding arrangements for academy schools. However there are risks associated with changes to the level of funding received and the governors are aware that the school has faced challenges due to the lag in funding which has seen a disparity between pupil numbers funded for and those actually on roll in recent years. A three year recovery plan designed to manage this is now well underway and as funding begins to catch up to the rapid growth in pupil numbers seen this issue will be resolved.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Strategic Report**

#### ***Reserves Policy***

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

However, trustees are also aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future for Penair School. Any future financial trends are identified early by good financial planning and regular monitoring by finance staff and the Penair School business and enterprise committee.

The trustees consider the financial year-end position of £12,225,395 (2019: £11,544,645) comprising £13,963,370 (2019: £13,579,142) of restricted fixed asset funds, £(1,954,780) (2019: £(2,237,162)) of restricted funds and £216,805 (2019: £202,665) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(2,125,000) (2019: £(2,240,000)) and general restricted funds of £170,220 (2019: £2,838).

The level of free reserves held by the academy are £216,805 (2019: £202,665).

The Local Government Pension Scheme (LGPS) fund is currently in deficit. The academy has entered into an agreement with the LGPS trustees to make additional annual contributions totalling £170,100 in addition to normal funding levels, over a period of three 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 trustees of Penair School are not allowed to make financial investments with any level of risk with third party organisations that may threaten the future of the charitable company.

#### ***Principal Risks and Uncertainties***

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

The governing body ensures regular review of its principal risks as described in its strategic risk register through the monitoring of key controls and sources of assurance that drive the work plans for the governing board and those of its committees.

The financial and operational risks effecting the academy as a result of Covid-19 were assessed and mitigated through the introduction of measures to ensure continuous teaching and learning. The governing board took the decision to invest in the academies IT infrastructure to enable remote learning to take place during lockdown and to ensure we were best placed to react to any future restrictions.

# **Penair School**

## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

### **Strategic Report**

#### **Fundraising**

The school complies with the Fundraising Regulator's voluntary regulation scheme and works alongside the Association of Parents and Friends of Penair School (APFPS) registered charity no. 1087032. APFPS raises funds for the school through specific fundraising events and activities, which unfortunately due to Covid-19 could not take place this academic year.

The school and its staff raise funds through grant applications and external donations.

Get Grants Ltd of Solihull consult the school on bid writing for grants, they conform to the Charities Act 2016 on our behalf. The Accounting Officer reviews any grant application prior to submission.

During the year, no fundraising complaints were received.

Communication to potential donors are invited by letter only once for any given project and reasonable precautions are taken to ensure data privacy.

#### ***Plans for Future Periods***

In order to build upon our Good Ofsted report and take Penair School to a level of outstanding academic achievement the trust continues to maintain its relentless drive in raising standards to fulfil the maximum potential of our students; building not only on the excellent exam results of recent years, but also ensuring that all students are offered every opportunity to achieve wider success to the very best of their ability.

The trust will continue to raise results through partnerships with other schools, in particular our partner primary schools, focusing on literacy and numeracy intervention programmes and supported transition arrangements.

The trust will ensure all resources and levels of staffing are available to deliver the exciting creative curriculum and to meet any additional needs related to periods of time missed due to COVID. Introducing the use of Microsoft Teams and Google classrooms to minimise disruption to learning on and off site and to provide additional training opportunities to staff to support them in delivering these new ways of teaching

Strategic direction and the school improvement plan continues to focus on the following:

- Improve leadership and management
- Improve quality of teaching and learning
- Improve behaviour for learning and attendance
- Raising achievement of all students
- Close the achievement gap between pupils supported by pupil premium and others
- Maintain the safety of all pupils

#### **Funds Held as Custodian Trustee on Behalf of Others**

The school does not hold any funds as custodian trustee.

#### **Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and

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## **Trustees' Report for the Year Ended 31 August 2020 (continued)**

## **Strategic Report**

- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' Report, incorporating a Strategic Report, was approved by order of the Governing Body, as the company directors, on 9/12/2020 and signed on the board's behalf by:

*Abbele*

E M Seale  
Trustee

# **Penair School**

## **Governance Statement**

### **Scope of responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Penair School 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 Governing Body has delegated the day-to-day responsibility to J C Davidson, Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Penair School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
A P J Polglase	0	0
J W Ashton	4	5
C M Power	3	5
A J Brigden	4	5
E M Seale	4	5
M Gendall	5	5
L Bray	5	5
D J Matthew	4	5
J Parker	3	5
A D Morgan	2	5
J C Davidson	5	5
R J Ingram	3	3
C J Pascoe	1	3

During the year D J Matthew stepped down as Chair and E M Seale was appointed to replace him. A P J Polglase resigned as a Governor and R J Ingram and C J Pascoe were appointed as Governors. The four governing committees met as scheduled, during which analysis of each committee's data was reviewed. Each committees review contributed to the enhancement of the full governing board's transparency enabling effective decision making. Further detail on how effective oversight of funds is maintained is included in the review of value for money below.

# **Penair School**

## **Governance Statement (continued)**

### **Governance reviews**

During the year 2019/2020, the board of trustees continued to build on its 2018/2019 review of governance by overseeing the completion of actions captured in its governance improvement plan. The board operates a cycle of continuous reflection and improvement to ensure its governance arrangements continue to be fit for purpose and also, meet the expectations of the academy's stakeholders. The board uses its annual review of the plan to confirm that actions due during the year are complete and have been embedded. Further, the governors use this opportunity to update and augment the plan in response to the prevailing national guidance and any matters that have arisen during the preceding year.

Despite the challenges of the Covid-19 pandemic, progress has continued throughout the year, albeit the timeframe for the completion of some actions has been extended.

### **Actions completed during the 2019/2020 year include:**

The school's strategic objectives have been revisited and updated. A new strategic plan has resulted from this review. The full board of governors have been engaged in the development

- process and members of the senior leadership team have made a significant contribution.
- Although full approval of the revised strategy has been deferred to the spring of 2021, the impact of this process has already helped crystallise the school vision, ethos and strategic direction over the next three to five years.

As part of the annual review and in response to changes in the governing board, the chair invited all governors to take part in a skills audit to identify any gaps before seeking to recruit

- new governors. The results of the audit highlighted some skills areas that would benefit from strengthening, enabling a targeted recruitment drive to be undertaken in 2020/2021. The audit results will also be used to plan a tailored governor training programme.

The school invited the ESFA to conduct a supportive Schools Resources Management Advisor visit during the year to scrutinise its financial governance. The results of the review

- were positive, identifying a small number of areas that could be reinforced. Actions arising from the review were captured in a plan that is monitored by the school's Business and Enterprise (finance and audit) committee.

The chair and the school business manager have jointly reviewed the monthly management accounts provided to the governing body against the academies' financial handbook, and to ensure the information made available to governors is clear and timely. This work culminated

- in substantial streamlining of monthly management information that is now accessible to all members of the governing body, including those who are not core members of the Business and Enterprise committee. Management accounts are available to governors monthly as well as being formally reported at meetings of the Business and Enterprise committee, and the full governing board throughout the year.

The following areas of the governance improvement plan were strengthened for 2020/2021 and agreed at the July 2020 meeting of the full governing board:

- The school improvement plan will be fully aligned to the school strategy by the end of the 2020/2021 academic year.

Link governor arrangements will be reviewed and aligned to the strategic plan to enhance the board assurance process. This will enable link governors to share knowledge and experience

- gained from their interaction with the school with other governors alongside the formal reports received from senior leaders.

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## **Governance Statement (continued)**

- The internal audit service provided by the local authority will be reviewed by the school Business and Enterprise committee in line with the Academies' Financial Handbook. This is so that the board can be confident that the strength testing of its internal control system during the financial year is comprehensive, and produces a robust level of assurance.
- Reporting to the school's Business and Enterprise committee will be further developed to include reporting on staffing matters such as staff absence, appraisal and training, and updates on how the school continues to ensure positive staff wellbeing for its employees.
- Building on the current forward plan for the school's community and ethos committee, include reporting on the preparation of students for Modern Britain.
- Widen stakeholder engagement during 2020/2021 as part of its continued development of the school's strategic plan.

The Business and Enterprise committee is a committee of the main Governing Body. Its purpose is to:

- Assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity and to provide support and guidance for all matters relating to the school premises, grounds, security and health and safety.
- Make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- Function as the trust's audit committee in accordance with the Academies Financial Handbook.

Major issues will be referred to the full governing body for ratification, unless otherwise delegated.

Attendance at meetings during the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
A P J Polglase	1	1
E M Seale	5	5
M Gendall	5	5
D J Matthew	5	5
J Parker	4	5
J C Davidson	5	5
A D Morgan	4	5

### **Review of value for money**

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

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

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## **Governance Statement (continued)**

### Improving Outcomes

We have ensured that resources are directed where they are most needed and most effective in meeting educational requirements, for example by:

- Targeting resources in line with the School Improvement Plan (SIP) priorities.
- Recruitment or redeployment of specialist TAs to support the identified needs.
- Implementing initiatives to ensure pupils learning is child led and initiated, underpinned by competencies and is challenging enough to meet individual needs.
- Professional development for; Middle leaders, teaching staff and teaching assistants.
- Developing the assessment, tracking and monitoring processes to ensure data is used to inform planning, target interventions and support differentiation, including regular internal and Senior Leadership Team meetings to review progress and impact of interventions for different groups of pupils.
- Developing new staff Performance Review and Appraisal processes for effective monitoring of performance.
- Exploring alternative purchasing options both on-line and direct through suppliers to find the best value.
- Working with other local schools in partnership to identify products and services that can be procured across a number of schools in order to drive down cost and/or negotiate favourable rates e.g. maintenance and H&S contracts.
- Implementing a tender process for significant purchases and/or contracts, for example estate development.

The effectiveness of these strategies can be seen in improved pupil progress, attainment and outcomes, and staff observations.

### Financial Governance and Oversight

Our governance arrangements include regular monitoring by the Board of Trustees and its committees, including the Business & Enterprise Committee. They receive regular financial reports and ask relevant questions as evidenced in the minutes.

The work of this committee is further informed by regular Responsible Officer reports following monitoring visits, along with on-going support from our Accountants.

Penair School maintains effective oversight of funds through both its full governing body meetings and the meetings of its Business and Enterprise committee. The full governing body meets 3 or 4 times each year and always discusses the financial position of the school in its meetings. The Business and Enterprise committee usually meets 6 times a year (only 5 times this year due to Covid-19 cancellation) and closely monitors the financial position. In addition, a strategy committee, (comprising the Chair of all committees), meets at least once a year and considers all major risks that the school needs to address, including any financial challenges.

### Better Purchasing

Examples of steps taken to ensure value for money when purchasing include:

All contracts are reviewed on an annual basis to ensure they are fit for purpose and best value.

# **Penair School**

## **Governance Statement (continued)**

### Ensuring best value during Covid-19 outbreak

The trust followed government guidance and adhered to the procurement policy note 02/20 which provided guidance for public bodies on payment of suppliers to ensure service continuity during the Covid-19 outbreak.

The trust worked with suppliers to ensure that spending was regular, proper and presented value for money in line with the requirements of the Academies Financial Handbook, and ensured appropriate and proportionate due diligence was carried out to ensure any relief was necessary for the continuity of supply of a critical service.

### Better Income Generation

Examples of steps to maximise income include:

- The school's banking arrangements ensure that where cash flow allows, monies are transferred into a higher interest account.
- Leasing part of the school grounds to a commercial company.
- Letting school facilities out to the local community
- Reconfiguring the lease arrangement on school buildings let to the local authority

### Reviewing Controls and Managing Risks

The Senior Leadership Team and budget holders have reviewed regular budget reports, including future recommendations. This has ensured that spending is within budget and forward plans are agreed and implemented when there has been any variance.

Actions taken to manage risk include the School's use of professional advice from our HR and legal service providers when required.

### Future Objectives

We recognise the need to continue developing relationships with other academies and/or local schools, in order to benefit from economies of scale in procuring products and services, developing staff and sharing knowledge, skill and expertise.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 Penair School for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

# **Penair School**

## **Governance Statement (continued)**

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the school 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 on-going process for identifying, evaluating and managing Penair School's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees and is supported by the schools risk management strategy policy.

### **The Risk and Control Framework**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Cornwall Council as responsible officer (RO)

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the RO reports to the Governing Body, through the business and enterprise committee on the operation of the systems of control and on the discharge of the Governing Body' financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

### **Review of Effectiveness**

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

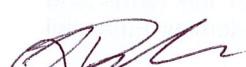
- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

## **Penair School**

### **Governance Statement (continued)**

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

Approved by order of the members of the Governing Body on 9/12/2020 and signed on its behalf by:



J C Davidson  
Accounting Officer  
Trustee



E M Seale  
Trustee

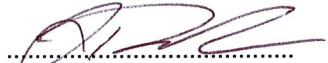
## **Penair School**

### **Statement of Regularity, Propriety and Compliance**

As Accounting Officer of Penair School I have considered my responsibility to notify the academy trust Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust Governing Body are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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 Governing Body and ESFA.



J C Davidson, Headteacher  
Accounting officer

Date: 16/12/2020

# Penair School

## Statement of Trustees' Responsibilities

The Trustees (who are also directors of Penair School 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 and 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:

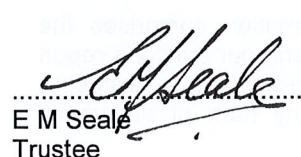
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 Governing Body on 9/12/2020 and signed on its behalf by:

  
E M Seale  
Trustee

# **Penair School**

## **Independent Auditor's Report on the Financial Statements to the Members of Penair School**

### **Opinion**

We have audited the financial statements of Penair School (the 'Academy') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)**

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Penair School**

### **Independent Auditor's Report on the Financial Statements to the Members of Penair School (continued)**

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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Trustees' Report.

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

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

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 21], the Trustees 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 Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's 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 auditor's 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.

## **Penair School**

### **Independent Auditor's Report on the Financial Statements to the Members of Penair School (continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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

*PKF Francis Clark*

.....  
Darren Perry BA(Hons) ACA DChA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Lowin House  
Tregolls Road  
TRURO  
Cornwall  
TR1 2NA

Date: 18/12/2020

## **Penair School**

### **Independent Reporting Accountant's Assurance Report on Regularity to Penair School and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 27 July 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penair School during the period 1 September 2019 to 31 August 2020 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 Penair School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Penair School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Penair School and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Penair School's Accounting Officer and the reporting Accountant**

The Accounting Officer is responsible, under the requirements of Penair School's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 from 1 September 2019 to 31 August 2020 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 2019 to 2020 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 academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

## **Penair School**

### **Independent Reporting Accountant's Assurance Report on Regularity to Penair School and the Education and Skills Funding Agency (continued)**

#### **Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*PKF Francis Clark*

.....  
Darren Perry BA(Hons) ACA DChA  
PKF Francis Clark, Chartered Accountants

Lowin House  
Tregolls Road  
TRURO  
Cornwall  
TR1 2NA

Date: 18/12/2020

## Penair School

### Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2019/20 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	187	755,606	755,793
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	3	104,178	5,180,072	-	5,284,250
Other trading activities	4	86,325	667	-	86,992
Investments	5	471	-	-	471
Total		<u>190,974</u>	<u>5,180,926</u>	<u>755,606</u>	<u>6,127,506</u>
<b>Expenditure on:</b>					
Raising funds	6	133	-	-	133
<i>Charitable activities:</i>					
Academy trust educational operations	7	<u>112,891</u>	<u>5,160,544</u>	<u>435,188</u>	<u>5,708,623</u>
Total		<u>113,024</u>	<u>5,160,544</u>	<u>435,188</u>	<u>5,708,756</u>
Net income		77,950	20,382	320,418	418,750
Transfers between funds		(63,810)	-	63,810	-
<b>Other recognised gains and losses</b>					
Actuarial gain on defined benefit pension schemes	25	-	262,000	-	262,000
Net movement in funds		14,140	282,382	384,228	680,750
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2019		<u>202,665</u>	<u>(2,237,162)</u>	<u>13,579,142</u>	<u>11,544,645</u>
Total funds/(deficit) carried forward at 31 August 2020		<u>216,805</u>	<u>(1,954,780)</u>	<u>13,963,370</u>	<u>12,225,395</u>

## Penair School

### Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	-	63,979	63,979
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	3	103,924	4,705,028	-	4,808,952
Other trading activities	4	110,528	338	-	110,866
Investments	5	804	-	-	804
Total		<u>215,256</u>	<u>4,705,366</u>	<u>63,979</u>	<u>4,984,601</u>
<b>Expenditure on:</b>					
Raising funds	6	3,062	-	-	3,062
<i>Charitable activities:</i>					
Academy trust educational operations	7	176,226	4,970,095	418,965	5,565,286
Total		<u>179,288</u>	<u>4,970,095</u>	<u>418,965</u>	<u>5,568,348</u>
Net income/(expenditure)		35,968	(264,729)	(354,986)	(583,747)
Transfers between funds		(146,385)	138,385	8,000	-
<b>Other recognised gains and losses</b>					
Actuarial gain on defined benefit pension schemes	25	-	(576,000)	-	(576,000)
Net movement in deficit		(110,417)	(702,344)	(346,986)	(1,159,747)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018		<u>313,082</u>	<u>(1,534,818)</u>	<u>13,926,128</u>	<u>12,704,392</u>
Total funds/(deficit) carried forward at 31 August 2019		<u>202,665</u>	<u>(2,237,162)</u>	<u>13,579,142</u>	<u>11,544,645</u>

# Penair School

## (Registration number: 07557657) Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	13,376,856	13,536,091
<b>Current assets</b>			
Debtors	12	1,002,440	332,153
Cash at bank and in hand		457,129	408,763
		1,459,569	740,916
Creditors: Amounts falling due within one year	13	(479,368)	(485,187)
Net current assets		980,201	255,729
Total assets less current liabilities		14,357,057	13,791,820
Creditors: Amounts falling due after more than one year	14	(6,662)	(7,175)
Net assets excluding pension liability		14,350,395	13,784,645
Defined benefit pension scheme liability	25	(2,125,000)	(2,240,000)
Total assets		12,225,395	11,544,645
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		170,220	2,838
Restricted fixed asset fund		13,963,370	13,579,142
Restricted pension fund		(2,125,000)	(2,240,000)
		12,008,590	11,341,980
<b>Unrestricted funds</b>			
Unrestricted general fund		216,805	202,665
Total funds		12,225,395	11,544,645

The financial statements on pages 27 to 51 were approved by the Trustees, and authorised for issue on 9/12/2020 and signed on their behalf by:



E M Seale  
Trustee

## **Penair School**

### **Statement of Cash Flows for the Year Ended 31 August 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(431,245)	(361,604)
Cash flows from investing activities	21	480,124	(245,670)
Cash flows from financing activities	20	<u>(513)</u>	<u>8,200</u>
Change in cash and cash equivalents in the year		48,366	(599,074)
Cash and cash equivalents at 1 September		<u>408,763</u>	<u>1,007,837</u>
Cash and cash equivalents at 31 August	22	<u><u>457,129</u></u>	<u><u>408,763</u></u>

# **Penair School**

## **Notes to the Financial Statements for the Year Ended 31 August 2020**

### **1 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.

#### **Basis of preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Penair School meets the definition of a public benefit entity under FRS 102.

#### **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 company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy 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.

#### **Income**

All incoming resources are recognised when the academy 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 grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

# **Penair School**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

#### ***Sponsorship income***

Sponsorship income provided to the Academy Trust 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 period it is receivable and to the extent the academy trust has provided the goods or services.

#### ***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.

All resources expended are inclusive of irrecoverable VAT.

#### ***Expenditure on raising funds***

This includes all expenditure incurred by the academy 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

# **Penair School**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

#### **Tangible fixed assets**

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

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

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold buildings	2% per annum on cost
Computer equipment	33% per annum on cost
Furniture & equipment	10% - 20% per annum on cost

No depreciation is provided in respect of freehold land.

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.

#### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

#### **Leased assets**

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

#### **Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

# **Penair School**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **1 Accounting policies (continued)**

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. 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.

#### **Taxation**

The academy 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 academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pension benefits**

Retirement benefits to employees of the Academy 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 Academy 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 Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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.

# Penair School

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 1 Accounting policies (continued)

#### Fund accounting

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020 Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2 Donations and capital grants

	Restricted funds £	Restricted fixed asset funds £	2019/20 Total £	2018/19 Total £
Capital grants	-	755,606	755,606	63,979
Other donations	187	-	187	-
	<u>187</u>	<u>755,606</u>	<u>755,793</u>	<u>63,979</u>

The income from donations and capital grants was £755,793 (2019: £63,979) of which £Nil was unrestricted (2019: £Nil), £187 restricted (2019: £Nil) and £755,606 restricted fixed assets (2019: £63,979).

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019/20 £	Total 2018/19 £
<b>DfE/ESFA revenue grants</b>				
General annual grant (GAG)	-	4,515,357	4,515,357	4,254,860
Other DfE/ESFA grants	-	464,008	464,008	261,649
	<hr/>	<hr/>	<hr/>	<hr/>
	-	4,979,365	4,979,365	4,516,509
<b>Other government grants</b>				
Local authority grants	-	103,101	103,101	65,970
<b>Non-government grants and other income</b>				
Catering income	84,989	-	84,989	103,923
Educational visits income	19,189	58,466	77,655	107,317
Other revenue grants	-	30,864	30,864	15,233
	<hr/>	<hr/>	<hr/>	<hr/>
	104,178	89,330	193,508	226,473
<b>Exceptional government funding</b>				
Coronavirus exceptional support	-	8,276	8,276	-
Total grants	<hr/>	<hr/>	<hr/>	<hr/>
	104,178	5,180,072	5,284,250	4,808,952

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers £8,276 of costs for additional premises expenses and free school meals expenditure. These costs are included in notes 6 and 7 below as appropriate.

The funding for educational operations was £5,284,250 (2019: £4,808,952) of which £104,178 was unrestricted (2019: £103,923), £5,180,072 restricted (2019: £4,705,028) and £Nil restricted fixed assets (2019: £Nil).

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	46,127	-	46,127	37,208
Non pupil catering income	-	-	-	2,778
Recharges and reimbursements	-	667	667	338
Other income	40,198	-	40,198	70,542
	<u>86,325</u>	<u>667</u>	<u>86,992</u>	<u>110,866</u>

The income from other trading activities was £86,992 (2019: £110,866) of which £86,325 was unrestricted (2019: £110,528), £667 restricted (2019: £338) and £Nil restricted fixed assets (2019: £Nil).

#### 5 Investment income

	Unrestricted funds £	2019/20 Total £	2018/19 Total £
Bank Interest Receivable	<u>471</u>	<u>471</u>	<u>804</u>

The income from investments was £471 (2019: £804) of which £471 was unrestricted (2019: £804), £Nil restricted (2019: £Nil) and £Nil restricted fixed assets (2019: £Nil).

#### 6 Expenditure

	Non Pay Expenditure			2019/20 Total £	2018/19 Total £
	Staff costs £	Premises £	Other costs £		
<b>Expenditure on raising funds</b>					
Direct costs	-	-	133	133	3,062
<b>Academy's educational operations</b>					
Direct costs	3,634,530	-	429,543	4,064,073	3,943,732
Allocated support costs	<u>498,611</u>	<u>786,091</u>	<u>359,848</u>	<u>1,644,550</u>	<u>1,621,554</u>
	<u>4,133,141</u>	<u>786,091</u>	<u>789,524</u>	<u>5,708,756</u>	<u>5,568,348</u>

# Penair School

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 6 Expenditure (continued)

**Net income/(expenditure) for the year includes:**

	2019/20 £	2018/19 £
Operating lease rentals	8,864	18,139
Depreciation	435,188	438,291
Fees payable to auditor - audit	3,150	3,100
- other audit services	<u>7,017</u>	<u>8,375</u>

### 7 Charitable activities

	Total 2019/20 £	Total 2018/19 £
	Educational operations £	Total 2019/20 £
	£	£
<b>Direct costs - educational operations</b>	4,064,073	3,943,732
<b>Support costs - educational operations</b>	<u>1,644,550</u>	<u>1,621,554</u>
	<u>5,708,623</u>	<u>5,565,286</u>
<b>Analysis of support costs</b>		
Support staff costs	498,611	498,611
Depreciation	435,188	435,188
Technology costs	39,552	39,552
Premises costs	350,903	350,903
Legal costs - other	1,285	1,285
Other support costs	301,195	301,195
Governance costs	<u>17,816</u>	<u>17,816</u>
Total support costs	<u>1,644,550</u>	<u>1,621,554</u>

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 8 Staff

##### Staff costs

	2019/20 £	2018/19 £
<b>Staff costs during the year were:</b>		
Wages and salaries	2,980,024	3,041,905
Social security costs	295,805	294,373
Operating costs of defined benefit pension schemes	<u>814,768</u>	<u>616,270</u>
	4,090,597	3,952,548
Supply staff costs	42,544	93,926
Staff restructuring costs	<u>-</u>	<u>3,667</u>
	<u>4,133,141</u>	<u>4,050,141</u>
		<b>2018/19 £</b>

##### Staff restructuring costs comprise:

Severance payments	1,683
Other restructuring costs	<u>1,684</u>
	<u>3,367</u>

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2019: £1,684).

##### Staff numbers

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

	2019/20 No	2018/19 No
<b>Charitable Activities</b>		
Teachers	59	56
Administration and support	30	38
Management	<u>8</u>	<u>9</u>
	<u>97</u>	<u>103</u>

##### Higher paid staff

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

## **Penair School**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **8 Staff (continued)**

	<b>2019/20</b>	<b>2018/19</b>
	<b>No</b>	<b>No</b>
£60,001 - £70,000	1	3
£70,001 - £80,000	2	1
£80,001 - £90,000	1	-
	<hr/>	<hr/>

The key management personnel of the Academy Trust comprise the 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 Academy Trust was £639,812 (2019: £613,674).

#### **9 Related party transactions - Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees.

The value of Trustees' remuneration and other benefits was as follows:

J C Davidson (Headteacher):

Remuneration: £80,000 - £85,000 (2019 - £75,000 - £80,000)

Employer's pension contributions: £15,000 - £20,000 (2019 - £10,000 - £15,000)

H G A Lewis (Staff):

Remuneration: £Nil (2019 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2019 - £0 - £5,000)

During the year ended 31 August 2020, travel and subsistence expenses totalling £40 (2019 - £165) were reimbursed or paid directly to 1 Trustees (2019 - 2).

Other related party transactions involving the Trustees are set out in note 26.

#### **10 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 is included in one insurance policy with a total cost of £23,858 (2019 - £24,761).

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

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 11 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2019	14,285,301	1,954,786	277,755	16,517,842
Additions	149,618	7,445	118,890	275,953
At 31 August 2020	<u>14,434,919</u>	<u>1,962,231</u>	<u>396,645</u>	<u>16,793,795</u>
<b>Depreciation</b>				
At 1 September 2019	1,992,108	724,843	264,800	2,981,751
Charge for the year	254,425	167,054	13,709	435,188
At 31 August 2020	<u>2,246,533</u>	<u>891,897</u>	<u>278,509</u>	<u>3,416,939</u>
<b>Net book value</b>				
At 31 August 2020	<u>12,188,386</u>	<u>1,070,334</u>	<u>118,136</u>	<u>13,376,856</u>
At 31 August 2019	<u>12,293,193</u>	<u>1,229,943</u>	<u>12,955</u>	<u>13,536,091</u>

#### 12 Debtors

	2020 £	2019 £
Trade debtors	17,967	5,097
Prepayments	80,336	116,576
Accrued grant and other income	782,787	151,163
VAT recoverable	70,523	5,889
Other debtors	<u>50,827</u>	<u>53,428</u>
	<u>1,002,440</u>	<u>332,153</u>

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	120,282	59,274
Other taxation and social security	69,387	72,283
Other creditors	63,900	10,710
Pension scheme creditor	79,338	65,947
Loans	1,025	1,025
Accruals	68,689	110,659
Deferred income	<u>76,747</u>	<u>165,289</u>
	<u>479,368</u>	<u>485,187</u>

	2020 £	2019 £
<b>Deferred income</b>		
Deferred income at 1 September 2019	165,289	70,692
Resources deferred in the period	<u>76,747</u>	<u>165,289</u>
Amounts released from previous periods	<u>(165,289)</u>	<u>(70,692)</u>
Deferred income at 31 August 2020	<u>76,747</u>	<u>165,289</u>

Deferred income consists of income received in advance for school trips and similar activites as well as grants and rent received in advance.

Loans of £1,025 from Salix which is provided on the following terms: Interest free and repayable over 8 years

#### 14 Creditors: amounts falling due after one year

	2020 £	2019 £
Loans	<u>6,662</u>	<u>7,175</u>

Loans of £6,663 from Salix which is provided on the following terms: Interest free and repayable over 8 years

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant	-	4,515,357	(4,413,211)	-	102,146
Other DfE/ESFA grants	-	472,284	(472,284)	-	-
Local Authority	-	103,101	(67,349)	-	35,752
Other restricted funds	<u>2,838</u>	<u>90,184</u>	<u>(60,700)</u>	<u>-</u>	<u>32,322</u>
	<u>2,838</u>	<u>5,180,926</u>	<u>(5,013,544)</u>	<u>-</u>	<u>170,220</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	10,150,903	-	(208,135)	-	9,942,768
Assets purchased since conversion	3,385,191	-	(227,053)	275,950	3,434,088
DfE/ESFA capital grants	<u>43,048</u>	<u>755,606</u>	<u>-</u>	<u>(212,140)</u>	<u>586,514</u>
	<u>13,579,142</u>	<u>755,606</u>	<u>(435,188)</u>	<u>63,810</u>	<u>13,963,370</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(2,240,000)</u>	<u>-</u>	<u>(147,000)</u>	<u>262,000</u>	<u>(2,125,000)</u>
Total restricted funds	11,341,980	5,936,532	(5,595,732)	325,810	12,008,590
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>202,665</u>	<u>190,974</u>	<u>(113,024)</u>	<u>(63,810)</u>	<u>216,805</u>
Total funds	<u>11,544,645</u>	<u>6,127,506</u>	<u>(5,708,756)</u>	<u>262,000</u>	<u>12,225,395</u>

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

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

Restricted fixed asset funds - The restricted fixed asset fund includes the freehold property, furniture and equipment transferred to Penair School on 9 March 2011 and grants from the Education and Skills Funding Agency and Local Authority which have been received. The fund is being reduced by depreciation in the year.

During the year transfers were made from unrestricted funds representing a contribution from reserves towards capital expenditure. A transfer was also made between fixed asset funds showing the amount of funding spent on asset additions during the year.

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 15 Funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant	-	4,254,860	(4,393,245)	138,385	-
Other DfE/ESFA grants	-	65,970	(65,970)	-	-
Local Authority	-	261,649	(261,649)	-	-
Other restricted funds	<u>8,182</u>	<u>122,886</u>	<u>(128,230)</u>	<u>-</u>	<u>2,838</u>
	<u>8,182</u>	<u>4,705,365</u>	<u>(4,849,094)</u>	<u>138,385</u>	<u>2,838</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	10,357,238	-	(206,335)	-	10,150,903
Assets purchased since conversion	3,287,366	-	(212,630)	310,455	3,385,191
DfE/ESFA capital grants	<u>281,524</u>	<u>63,979</u>	<u>-</u>	<u>(302,455)</u>	<u>43,048</u>
	<u>13,926,128</u>	<u>63,979</u>	<u>(418,965)</u>	<u>8,000</u>	<u>13,579,142</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(1,543,000)</u>	<u>-</u>	<u>(121,000)</u>	<u>(576,000)</u>	<u>(2,240,000)</u>
Total restricted funds	<u>12,391,310</u>	<u>4,769,344</u>	<u>(5,389,059)</u>	<u>(429,615)</u>	<u>11,341,980</u>
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>313,082</u>	<u>215,256</u>	<u>(179,288)</u>	<u>(146,385)</u>	<u>202,665</u>
Total funds	<u>12,704,392</u>	<u>4,984,600</u>	<u>(5,568,347)</u>	<u>(576,000)</u>	<u>11,544,645</u>

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 16 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	13,376,856	13,376,856
Current assets	375,265	348,172	736,132	1,459,569
Current liabilities	(158,460)	(171,290)	(149,618)	(479,368)
Creditors over 1 year	-	(6,662)	-	(6,662)
Pension scheme liability	-	(2,125,000)	-	(2,125,000)
<b>Total net assets</b>	<b>216,805</b>	<b>(1,954,780)</b>	<b>13,963,370</b>	<b>12,225,395</b>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	13,536,091	13,536,091
Current assets	521,539	176,326	43,051	740,916
Current liabilities	(318,874)	(166,313)	-	(485,187)
Creditors over 1 year	-	(7,175)	-	(7,175)
Pension scheme liability	-	(2,240,000)	-	(2,240,000)
<b>Total net assets</b>	<b>202,665</b>	<b>(2,237,162)</b>	<b>13,579,142</b>	<b>11,544,645</b>

#### 17 Capital commitments

	2020 £
Contracted for, but not provided in the financial statements	<u>651,212</u>

#### 18 Financial commitments

##### *Operating leases*

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 18 Financial commitments (continued)

	2020 £	2019 £
Amounts due within one year	7,014	7,064
Amounts due between one and five years	3,801	12,421
	<u>10,815</u>	<u>19,485</u>

#### 19 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2019/20 £	2018/19 £
Net income/(expenditure)	418,750	(583,747)
Depreciation	435,188	418,965
Capital grants from DfE and other capital income	(755,606)	(63,979)
Interest receivable	(471)	(804)
Defined benefit pension scheme obligation inherited	105,000	76,000
Defined benefit pension scheme finance cost	42,000	45,000
Decrease in stocks	-	1,334
(Increase)/decrease in debtors	(670,287)	122,889
Decrease in creditors	(5,819)	(377,262)
Net cash used in Operating Activities	<u>(431,245)</u>	<u>(361,604)</u>

#### 20 Cash flows from financing activities

	2019/20 £	2018/19 £
Repayments of borrowing	(513)	-
Cash inflows from new borrowing	-	8,200
Net cash (used in)/provided by financing activities	<u>(513)</u>	<u>8,200</u>

#### 21 Cash flows from investing activities

	2019/20 £	2018/19 £
Dividends, interest and rents from investments	471	804
Purchase of tangible fixed assets	(275,953)	(310,453)
Capital grants from DfE Group	755,606	63,979
Net cash provided by/(used in) investing activities	<u>480,124</u>	<u>(245,670)</u>

## **Penair School**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **22 Analysis of cash and cash equivalents**

	<b>2020</b> £	<b>2019</b> £
Cash at bank and in hand	457,129	408,763
Total cash and cash equivalents	<u>457,129</u>	<u>408,763</u>

#### **23 Analysis of changes in net debt**

	<b>At 1 September 2019</b> £	<b>Cash flows</b> £	<b>At 31 August 2020</b> £
Cash	408,763	48,366	457,129
Loans falling due within one year	(1,025)	-	(1,025)
Loans falling due after more than one year	(7,175)	513	(6,662)
	<u>(8,200)</u>	<u>513</u>	<u>(7,687)</u>
Total	<u>400,563</u>	<u>48,879</u>	<u>449,442</u>

#### **24 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **25 Pension and similar obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £79,338 (2019 - £65,947) were payable to the schemes at 31 August and are included within creditors.

# **Penair School**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **25 Pension and similar obligations (continued)**

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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. 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% administration levy)
- 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
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £564,916 (2019: £383,342).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

# Penair School

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 25 Pension and similar obligations (continued)

#### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £176,000 (2019 - £193,000), of which employer's contributions totalled £145,000 (2019 - £156,000) and employees' contributions totalled £31,000 (2019 - £37,000). The agreed contribution rates for future years are 16.7% plus £56,700 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 an academy trust 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

	2020 %	2019 %
Rate of increase in salaries	2.20	2.40
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.80
Inflation assumptions (CPI)	<u>2.20</u>	<u>2.30</u>

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

	2020	2019
<b>Retiring today</b>		
Males retiring today	21.40	22.10
Females retiring today	23.60	23.60
<b>Retiring in 20 years</b>		
Males retiring in 20 years	22.30	22.30
Females retiring in 20 years	<u>25.10</u>	<u>25.00</u>

#### Sensitivity analysis

	2020 £	2019 £
Discount rate +0.1%	(120,000)	(148,000)
Discount rate -0.1%	120,000	148,000
Mortality assumption – 1 year increase	(201,000)	(225,000)
Mortality assumption – 1 year decrease	201,000	225,000
CPI rate +0.1%	112,000	118,000
CPI rate -0.1%	<u>(112,000)</u>	<u>(118,000)</u>

The academy trust's share of the assets in the scheme were:

## Penair School

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 25 Pension and similar obligations (continued)

	2020 £	2019 £
Equities	1,626,800	1,797,230
Government bonds	1,045,800	1,322,490
Property	174,300	237,370
Cash and other liquid assets	<u>58,100</u>	<u>33,910</u>
Total market value of assets	<u>2,905,000</u>	<u>3,391,000</u>

The actual return on scheme assets was (£659,000) (2019 - £293,000).

#### Amounts recognised in the statement of financial activities

	2019/20 £	2018/19 £
Current service cost	(250,000)	(228,000)
Past service cost	-	(4,000)
Interest income	62,000	82,000
Interest cost	<u>(104,000)</u>	<u>(127,000)</u>
Total amount recognised in the SOFA	<u>(292,000)</u>	<u>(277,000)</u>

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

	2019/20 £	2018/19 £
At start of period	5,631,000	4,418,000
Current service cost	250,000	228,000
Interest cost	104,000	127,000
Employee contributions	31,000	37,000
Actuarial (gain)/loss	(921,000)	869,000
Benefits paid	(65,000)	(52,000)
Past service cost	-	4,000
At 31 August	<u>5,030,000</u>	<u>5,631,000</u>

#### Changes in the fair value of academy's share of scheme assets

	2019/20 £	2018/19 £
At start of period	3,391,000	2,875,000
Interest income	62,000	82,000
Actuarial gain/(loss)	(659,000)	293,000
Employer contributions	145,000	156,000
Employee contributions	31,000	37,000
Benefits paid	<u>(65,000)</u>	<u>(52,000)</u>
At 31 August	<u>2,905,000</u>	<u>3,391,000</u>

# **Penair School**

## **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

### **26 Related party transactions**

Owing to the nature of the Academy 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 member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

#### **Expenditure related party transactions**

During the year the academy made the following related party transactions:

##### **Mrs D Brigden**

(Mrs D Brigden is employed by the Academy as an invigilator and is the spouse of Mr A Brigden, a Trustee of the Academy)

Remuneration: £0 - £5,000 (2019: £0 - £5,000)

Employer's pension contributions: £Nil (2019: £Nil).

At the balance sheet date the amount due to Mrs D Brigden was £Nil (2019 - £Nil).

In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

#### **Income related party transactions**

During the year the academy made the following related party transactions:

##### **Tregolls School, an Academy**

(J Davidson, a Trustee of Penair School, is also a Trustee of Tregolls School, an Academy.

J Parker, a Trustee of Penair School, was also a Trustee of Tregolls School, an Academy until her resignation on 7 October 2019.)

Transactions totalling £1,600 (2019: £3,600) relating to services provided by Penair School took place in the year. £Nil was outstanding at 31 August 2020 (2018: £nil).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

##### **Archbishop Benson Church of England Primary School**

(Mrs C M Power, a Trustee of Penair School, was also a Trustee of Archbishop Benson Church of England School until her resignation on 19 November 2019.

The spouse of M Gendall, a Trustee of Penair School, was a Trustee of Archbishop Benson Church of England School until his resignation on 19 November 2019.)

Transactions totalling £nil (2019: £1,000) relating to services provided by Penair School took place in the year. £nil was outstanding at 31 August 2020 (2019: £nil).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.