

Penair School

(A company limited by guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2021

Company Registration number: 07557657 (England and Wales)

Penair School

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Reference and Administrative Details

Members	D J Matthew E M Seale N D Vincent
Trustees (Directors)	E M Seale, Chair J W Ashton (resigned 29 March 2021) L Bray A J Brigden J C Davidson, Headteacher M Gendall S Griffiths (appointed 4 October 2021) K Horrill (appointed 6 October 2021) R J Ingram D J Matthew (resigned 31 December 2020) J Parker C J Pascoe C M Power
Company Secretary	G Hakin
Senior Management Team	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
Principal and Registered Office	St Clement TRURO Cornwall TR1 1TN
Company Registration Number	07557657 (England and Wales)

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Reference and Administrative Details (continued)

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

Penair School

Trustees' Report for the Year Ended 31 August 2021

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. 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 operational pupil capacity of 1050, however our funding agreement allows the school to take up to 1200 children. Students on roll were 1080 in the school census 7th October 2021.

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 2021 (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 Trust 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 has its own pay policy for support staff and complies with the School Teachers Pay and Conditions Document.

Penair School

Trustees' Report for the Year Ended 31 August 2021 (continued)

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£nil.
Provide the total pay bill	£4,099,656
Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$	0.00%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$	0.00%
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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. Two members of Penair School are also members at Tregolls School. The spouse of a trustee of Penair School is also a trustee of Tregolls School.

Penair School

Trustees' Report for the Year Ended 31 August 2021 (continued)

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.

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 2021 (continued)

Strategic Report

Achievements and Performance

Throughout lockdown the students were supported by school staff. The full timetable was uplifted and taught remotely for all students via Microsoft Teams. Lesson length was reduced from 1 hour to 45 minutes to allow students and staff regular screen breaks throughout the day.

The school remained open throughout lockdown for vulnerable and key worker children and on 8th March all students returned to school.

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 and learning.

Covid catch-up funding was used for targeted literacy and numeracy support for those children who were identified as having significant gaps in the learning following school closure.

Penair School

Trustees' Report for the Year Ended 31 August 2021 (continued)

Strategic Report

Key Non-Financial Performance Indicators

It is important to note that the last two years are like no other and there is a health warning when comparing to previous year's examination results. Both years grades are closely aligned with the summer 2018 examination results, most key measures being in line with or better than this year group.

The 2021 Exam Grades are Teacher Assessed Grades (TAGs) submitted by Penair and accepted by the Exam Boards with no changes. The 2020 Exam Grades are the higher of the Centre Assessed Grades (CAGs) submitted by Penair last year or a calculated exam board grade. 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.

At Penair School in 2021, 85% of students achieved grades 9-4 or equivalent (previously A* - C) in 5 or more GCSE subjects including English and mathematics. In 2020, 80% of students achieved this measure compared to 64% in 2019 and 75% in 2018. The latest national average available (2019) was 61%.

In 2021, 87% of students achieved grade 4 and above (9-4) in English and Maths (DfE 'Standard Pass' equivalent to previous A*-C). In 2020, 82% of students achieved this measure compared to 68% in 2019 and 79% in 2018. The latest national average available (2019) was 64%.

In 2021, 62% of students achieved grade 5 (new DfE 'Good Pass') and above (9-5) in English and Maths. In 2020, 53% of students achieved this measure compared to 47% in 2019 and 54% in 2018. The latest national average available (2019) was 43%.

In 2021, 38% of Penair students achieved 3 or more A*-A grades compared to 33% in 2020, 21% in 2019 and 28% in 2018.

The whole school Attainment 8 figure (based on a national sample) is cautiously and provisionally 55.7, compared to 53.8 in 2020, 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 excellent GCSE results this year. Students have worked extremely hard and these excellent results 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 Autumn (October) 2021 School Census, Penair school had 1080 students, this is up from 1023 students in Autumn 2020 and 946 students in the Autumn 2019 Census, there were 918 students at the Autumn 2018 Census and 867 in Autumn 2017.

Penair School

Trustees' Report for the Year Ended 31 August 2021 (continued)

Strategic Report

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. This will continued to be monitored by the Business, Audit and Risk Committee (formerly the Business & Enterprise Committee).

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. 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.

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 2021, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2021, total revenue expenditure of £5,633k was covered by recurrent grant funding from the DfE, together with other incoming resources totalling £5,994k. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £361k (2020: £245k).

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 2021 the net book value of fixed assets was £13,827k 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 trustees 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 2021 (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 £11,805,482 (2020: £12,225,395) comprising £13,974,348 (2020: £13,963,370) of restricted fixed asset funds, £(2,392,786) (2020: £(1,954,780)) of restricted funds and £223,920 (2020: £216,805) of unrestricted funds to be satisfactory. The restricted funds consist of the pension reserve amounting to £(2,868,000) (2020: £(2,125,000)) and general restricted funds of £475,214 (2020: £170,220).

The level of free reserves held by the academy are £223,920 (2020: £216,805).

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.

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Trustees' Report for the Year Ended 31 August 2021 (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.

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

- Quality of education
- Staff development and wellbeing
- Leadership and management including finance and infrastructure
- Behaviour and attitudes, wellbeing and resilience
- Personal development
- Equality and diversity.

Funds Held as Custodian Trustee on Behalf of Others

The school does not hold any funds as custodian trustee.

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Trustees' Report for the Year Ended 31 August 2021 (continued)


Strategic Report

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Governing Body, as the company directors, on *15/12/21*... and signed on the board's behalf by:


.....
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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
J W Ashton	2	4
L Bray	3	6
A J Brigden	6	6
J C Davidson	6	6
M Gendall	6	6
S Griffiths	0	0
K Horrill	0	0
R J Ingram	4	6
D J Matthew	3	3
J Parker	6	6
C J Pascoe	6	6
C M Power	3	6
E M Seale	6	6

During the year D Matthew and J Ashton resigned as trustees and since the year end S Griffiths and K Horrill were appointed as trustees. The five governing committees met as scheduled, during which analysis of each committee's data was reviewed. Each committee's 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.

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Governance Statement (continued)

Governance reviews

During the year 2020/2021, the board of trustees oversaw the completion of all 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. During the 2020/21 year, the chair and clerk to the board continued to further develop Penair's strategic planning, board governance and assurance arrangements.

Despite the challenges of the Covid-19 pandemic, good progress was made and the changes will be expected to be embedded during 2021/22.

Achievements during the 2020/2021 year include:

- A refreshed strategic plan was developed and approved by the board. The school's improvement plan is now fully aligned to the strategy.

Link governor arrangements have been reviewed and aligned to the strategic plan to enhance the board assurance process. This is to 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. The chair and clerk have developed a policy and governor handbook that describes the new arrangements clearly, so that governor trustees are supported and guided to carry out these roles effectively. The board expects to see the full impact of this work during 2021/22.

- The internal audit service provided by the local authority has been 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. As a result of this review, and in order to address the gaps in assurance highlighted, a new internal scrutiny process was developed. Board and its committee agendas throughout 2021/22 will be cross-referenced to the plan to ensure that there is a clear link between trustees' strategic role and the level of assurance they receive.

- The board committee structure was reviewed and revised during the year, and will be introduced with effect from the 2021/22 academic year. The structure has been streamlined from five to four committees: the previous Community and Ethos and Raising Achievement committees have been combined into the Quality of Education committee, and the previous Business and Enterprise committee has been replaced by the Business, Risk and Audit committee. The board believes these provide better alignment to the school's strategy, and the terms of reference and annual cycle of business better describe their purpose as well as trustees' expectations.

Some governance areas that were sighted for development during the year have been affected by the Covid pandemic. These areas 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, continues in its development, together with the aspiration to widen stakeholder engagement during 2020/2021 as part of its continued development of the school's strategic plan.

The academy plans to review the effectiveness of the changes in its governance structure and the impact on the board of trustees towards the end of 2021/22.

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

Penair School

Governance Statement (continued)

- 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 and decisions will be referred to the full governing body for ratification, unless otherwise delegated.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
J C Davidson	6	6
M Gendall	6	6
D J Matthew	1	2
J Parker	6	6
E M Seale	5	6
C J Pascoe	6	6

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:

Penair School

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, Audit and Risk 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 6 times each year and always discusses the financial position of the school in its meetings. The Business and Enterprise committee usually meets 5 times a year 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.

Penair School

Governance Statement (continued)

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.
- Partnering with other trusts when tendering for service contracts to benefit from economies of scale.
- Using schools buying groups to access framework agreements.

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.

Penair School

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 2020 to 31 August 2021 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 and procedure.

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:

- review of policies and procedures
- review of transactions and processing
- review of previous reports and progress with recommendations

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's financial responsibilities.

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

Penair School

Governance Statement (continued)

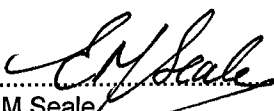
Review of Effectiveness

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.

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 15/12/21 and signed on its behalf by:


.....
E M Seale
Trustee


.....
J C Davidson
Accounting Officer
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 2020.

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 2020.

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: 15/12/21

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 then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 15/12/21 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 2021, which comprise the Statement of Financial Activities, 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 2021 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 2020 to 2021; 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information (covers the Reference and Administrative Details, the Trustees' 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.

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.

Penair School

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

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 Governance Statement and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governance Statement 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 Governance Statement 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the entity and the education sector in which it operates to identify the key laws and regulations affecting the entity. The key laws and regulations we identified were compliance with the funding agreement and Academies Financial Handbook 2020, safeguarding, employment law and health and safety compliance.

Penair School

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

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the entity and the education sector in which it operates to identify the key laws and regulations affecting the entity. The key laws and regulations we identified were compliance with the funding agreement and Academies Financial Handbook 2020 and requirements with regard to safeguarding.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Academies Accounts Direction 2020/21, Companies Act 2006 and Charities Act 2011.

We discussed with management how the compliance with these laws and regulations is monitored and discussed the policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deals with reporting any issues if they arise.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue operating and the risk of material misstatement to the accounts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Conducting detailed regularity testing in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts as issued by the ESFA, as reported on separately in our Independent Reporting Accountant's Assurance Report;
- Reviewing Board and Business and Enterprise Committee minutes for indications of non compliance;
- Reviewing legal and professional costs to identify legal costs in respect of non compliance;
- Discussing the procedures in place for ensuring the safeguarding of pupils, including DBS checks and identified those staff and trustees with responsibility for overseeing these areas;
- Reviewing the accounts disclosures against those in the Academies Model Accounts 2020 to 2021, published by the ESFA.

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud of which there were none.

We also evaluated the risk of fraud through management override including that arising from management's incentives. We determined that these risks are low as the academy operates on a charitable, not for profit basis and so there would be no motivation for management to influence performance for individual gain. However there was considered a risk of the inappropriate allocation of expenditure against restricted funds.

In response to the identified risk, as part of our audit work we:

- Reviewed the material restricted grant income sources, identified the related conditions and reviewed the nature of expenditure set against it for appropriateness, together with sample testing on expenditure;
- Used data analytics to test journal entries throughout the period, for appropriateness;
- Reviewed accounting estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Penair School

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our 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: 17 December 2021

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 17 August 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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 2020 to 31 August 2021 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

.....
PKF Francis Clark, Chartered Accountants

Lowin House
Tregolls Road
TRURO
Cornwall
TR1 2NA

Date: 17 December 2021
.....

Penair School

Statement of Financial Activities for the Year Ended 31 August 2021 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2020/21 Total £
Income and endowments from:					
Donations and capital grants	2	-	8,247	448,895	457,142
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	3	65,369	5,826,589	-	5,891,958
Other trading activities	4	92,249	1,800	-	94,049
Investments	5	75	-	-	75
Total		157,693	5,836,636	448,895	6,443,224
Expenditure on:					
Raising funds	6	138	-	-	138
<i>Charitable activities:</i>					
Academy trust educational operations	7	100,956	5,666,321	486,722	6,253,999
Total		101,094	5,666,321	486,722	6,254,137
Net income/(expenditure)		56,599	170,315	(37,827)	189,087
Transfers between funds		(49,484)	679	48,805	-
Other recognised gains and losses					
Actuarial loss on defined benefit pension schemes	25	-	(609,000)	-	(609,000)
Net movement in funds/(deficit)		7,115	(438,006)	10,978	(419,913)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2020		216,805	(1,954,780)	13,963,370	12,225,395
Total funds/(deficit) carried forward at 31 August 2021		223,920	(2,392,786)	13,974,348	11,805,482

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 £
Income and endowments from:					
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		190,974	5,180,926	755,606	6,127,506
Expenditure on:					
Raising funds	6	133	-	-	133
<i>Charitable activities:</i>					
Academy trust educational operations	7	112,891	5,160,544	435,188	5,708,623
Total		113,024	5,160,544	435,188	5,708,756
Net income		77,950	20,382	320,418	418,750
Transfers between funds		(63,810)	-	63,810	-
Other recognised gains and losses					
Actuarial gain on defined benefit pension schemes	25	-	262,000	-	262,000
Net movement in funds		14,140	282,382	384,228	680,750
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2019		202,665	(2,237,162)	13,579,142	11,544,645
Total funds/(deficit) carried forward at 31 August 2020		216,805	(1,954,780)	13,963,370	12,225,395


Penair School

(Registration number: 07557657)

Balance Sheet as at 31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	13,827,450	13,376,856
Current assets			
Debtors	12	657,999	1,002,440
Cash at bank and in hand		<u>687,143</u>	<u>457,129</u>
		1,345,142	1,459,569
Creditors: Amounts falling due within one year	13	<u>(435,614)</u>	<u>(479,368)</u>
Net current assets		<u>909,528</u>	<u>980,201</u>
Total assets less current liabilities		14,736,978	14,357,057
Creditors: Amounts falling due after more than one year	14	<u>(63,496)</u>	<u>(6,662)</u>
Net assets excluding pension liability		14,673,482	14,350,395
Defined benefit pension scheme liability	25	<u>(2,868,000)</u>	<u>(2,125,000)</u>
Total net assets		<u>11,805,482</u>	<u>12,225,395</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		475,214	170,220
Restricted fixed asset fund		13,974,348	13,963,370
Restricted pension fund		<u>(2,868,000)</u>	<u>(2,125,000)</u>
		11,581,562	12,008,590
Unrestricted funds			
Unrestricted general fund		<u>223,920</u>	<u>216,805</u>
Total funds		<u>11,805,482</u>	<u>12,225,395</u>

The financial statements on pages 28 to 53 were approved by the Trustees and authorised for issue on 15/12/21 and are signed on their behalf by:



 E M Seale
 Trustee

Penair School

Statement of Cash Flows for the year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	677,663	(431,245)
Cash flows from investing activities	21	(506,160)	480,124
Cash flows from financing activities	20	<u>58,511</u>	<u>(513)</u>
Change in cash and cash equivalents in the year		230,014	48,366
Cash and cash equivalents at 1 September		<u>457,129</u>	<u>408,763</u>
Cash and cash equivalents at 31 August	22	<u><u>687,143</u></u>	<u><u>457,129</u></u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021

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 2020 to 2021 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 2021 (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 2021 (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 in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets 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:

Asset class	Depreciation method and rate
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 2021 (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 2021 (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 2021. 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 £	2020/21 Total £	2019/20 Total £
Capital grants	-	448,895	448,895	755,606
Other donations	8,247	-	8,247	187
	<u>8,247</u>	<u>448,895</u>	<u>457,142</u>	<u>755,793</u>

The income from donations and capital grants was £457,142 (2020: £755,793) which was allocated between the funds as follows; £Nil unrestricted funds (2020: £Nil), £8,247 restricted funds (2020: £187), £448,895 restricted fixed asset funds (2020: £755,606) and £Nil endowment funds (2020: £Nil).

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

3 · Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020/21 £	Total 2019/20 £
DfE/ESFA revenue grants				
General annual grant (GAG)	-	4,958,499	4,958,499	4,515,357
Other DfE/ESFA grants	-	284,725	284,725	241,668
Other DfE/ESFA grants Pupil Premium	-	215,293	215,293	222,340
	<u>-</u>	<u>5,458,517</u>	<u>5,458,517</u>	<u>4,979,365</u>
Other government grants				
Local authority grants	-	102,593	102,593	103,101
Non-government grants and other income				
Catering income	65,369	-	65,369	84,989
Educational visits income	-	139,459	139,459	77,655
Other revenue grants	-	1,650	1,650	30,864
	<u>65,369</u>	<u>141,109</u>	<u>206,478</u>	<u>193,508</u>
Additional Covid 19 government funding				
Catch up funding	-	81,600	81,600	8,276
Mass testing funding	-	42,770	42,770	-
	<u>-</u>	<u>124,370</u>	<u>124,370</u>	<u>8,276</u>
Total grants	<u>65,369</u>	<u>5,826,589</u>	<u>5,891,958</u>	<u>5,284,250</u>

The funding for educational operations was £5,891,958 (2020: £5,284,250) which was allocated between the funds as follows; £65,369 unrestricted funds (2020: £104,178), £5,826,589 restricted funds (2020: £5,180,072), £Nil restricted fixed asset funds (2020: £Nil) and £Nil endowment funds (2020: £Nil).

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the Academy Trust's Pupil Premium funding is no longer reported under the Other DfE Group grants heading, but on a separate line under the Other DfE/ESFA Grants heading. The prior year figure has also been reclassified.

As set out in the funds note, £33,400 of the Covid 19 Catch up grant and £14,011 of the mass testing grant was spent during the year. The balances have been carried forward. The Covid 19 Catch up grant was used for assisting the students distance learning and PPE purposes.

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
Hire of facilities	28,903	-	28,903	46,127
Recharges and reimbursements	-	1,800	1,800	667
Other income	63,346	-	63,346	40,198
	<u>92,249</u>	<u>1,800</u>	<u>94,049</u>	<u>86,992</u>

The income from other trading activities was £94,049 (2020: £86,992) which was allocated between the funds as follows; £92,249 unrestricted funds (2020: £86,325), £1,800 restricted funds (2020: £667), £Nil restricted fixed asset funds (2020: £Nil) and £Nil endowment funds (2020: £Nil).

5 Investment income

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Bank Interest Receivable	<u>75</u>	<u>75</u>	<u>471</u>

The income from other trading activities was £75 (2020: £471) which was allocated between the funds as follows; £75 unrestricted funds (2020: £471), £Nil restricted funds (2020: £Nil), £Nil restricted fixed asset funds (2020: £Nil) and £Nil endowment funds (2020: £Nil).

6 Expenditure

	Non Pay Expenditure			2020/21 Total £	2019/20 Total £
	Staff costs £	Premises £	Other costs £		
Expenditure on raising funds					
Direct costs	-	-	138	138	133
Academy's educational operations					
Direct costs	3,767,286	-	477,300	4,244,586	4,064,073
Allocated support costs	<u>723,967</u>	<u>850,381</u>	<u>435,065</u>	<u>2,009,413</u>	<u>1,644,550</u>
	<u>4,491,253</u>	<u>850,381</u>	<u>912,503</u>	<u>6,254,137</u>	<u>5,708,756</u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2020/21 £	2019/20 £
Operating lease rentals	8,814	8,864
Depreciation	486,722	435,188
Fees payable to auditor - audit	3,250	3,150
- other audit services	8,295	7,017
	<u>8,295</u>	<u>7,017</u>

7 Charitable activities

	Total 2020/21 £	Total 2019/20 £
Direct costs - educational operations	4,244,586	4,064,073
Allocated support costs	2,009,413	1,644,550
	<u>6,253,999</u>	<u>5,708,623</u>

	Educational operations £	Total 2020/21 £	Total 2019/20 £
Analysis of support costs			
Support staff costs	723,967	723,967	498,611
Depreciation	486,722	486,722	435,188
Technology costs	31,102	31,102	39,552
Premises costs	363,659	363,659	350,903
Legal costs - other	1,096	1,096	1,285
Other support costs	391,264	391,264	301,195
Governance costs	11,603	11,603	17,816
Total support costs	<u>2,009,413</u>	<u>2,009,413</u>	<u>1,644,550</u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

8 Staff

Staff costs

	2020/21 £	2019/20 £
Staff costs during the year were:		
Wages and salaries	3,234,485	2,980,024
Social security costs	326,302	295,805
Operating costs of defined benefit pension schemes	863,092	814,768
	<u>4,423,879</u>	<u>4,090,597</u>
Supply staff costs	67,374	42,544
	<u>4,491,253</u>	<u>4,133,141</u>

Staff numbers

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

	2020/21 No	2019/20 No
Charitable Activities		
Teachers	63	59
Administration and support	40	30
Management	8	8
	<u>111</u>	<u>97</u>

Higher paid staff

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

	2020/21 No	2019/20 No
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

8 Staff (continued)

Key management personnel

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 £664,643 (2020: £639,812).

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: £85,000 - £90,000 (2020 - £80,000 - £85,000)

Employer's pension contributions: £20,000 - £25,000 (2020 - £15,000 - £20,000)

During the year ended 31 August 2021, travel and subsistence expenses totalling £Nil (2020 - £40) were reimbursed or paid directly to 0 Trustees (2020 - 1).

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 2021 is included in one insurance policy with a total cost of £25,217 (2020 - £23,858).

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 2021 (continued)

11 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2020	14,434,919	1,962,231	396,645	16,793,795
Additions	<u>868,550</u>	<u>18,581</u>	<u>50,185</u>	<u>937,316</u>
At 31 August 2021	<u>15,303,469</u>	<u>1,980,812</u>	<u>446,830</u>	<u>17,731,111</u>
Depreciation				
At 1 September 2020	2,246,533	891,897	278,509	3,416,939
Charge for the year	<u>268,419</u>	<u>168,759</u>	<u>49,544</u>	<u>486,722</u>
At 31 August 2021	<u>2,514,952</u>	<u>1,060,656</u>	<u>328,053</u>	<u>3,903,661</u>
Net book value				
At 31 August 2021	<u>12,788,517</u>	<u>920,156</u>	<u>118,777</u>	<u>13,827,450</u>
At 31 August 2020	<u>12,188,386</u>	<u>1,070,334</u>	<u>118,136</u>	<u>13,376,856</u>

12 Debtors

	2021 £	2020 £
Trade debtors	27,886	17,967
Prepayments	98,929	80,336
Accrued grant and other income	479,286	782,787
VAT recoverable	51,898	70,523
Other debtors	-	50,827
	<u>657,999</u>	<u>1,002,440</u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	77,746	120,282
Other taxation and social security	84,685	69,387
Other creditors	-	63,900
Pension scheme creditor	89,047	79,338
Loans	2,702	1,025
Accruals	161,463	68,689
Deferred income	19,971	76,747
	<u>435,614</u>	<u>479,368</u>

Loans consist of £1,651 from Salix which is Interest free and repayable over 8 years and £1,051 from CIF on which interest is charged at 1.95% and is repayable over 10 years.

	2021 £	2020 £
Deferred income		
Deferred income at 1 September 2020	76,747	165,289
Resources deferred in the period	19,971	76,747
Amounts released from previous periods	<u>(76,747)</u>	<u>(165,289)</u>
Deferred income at 31 August 2021	<u>19,971</u>	<u>76,747</u>

Resources deferred in the year relate to rates relief income of £18,667 (2020: £18,667), new growth funding £nil (2020: £50,000) and income received in advance for school trips and sundries of £1,304 (2020: £8,080).

14 Creditors: amounts falling due after one year

	2021 £	2020 £
Loans	<u>63,496</u>	<u>6,662</u>

Loans consist of £15,036 from Salix which is Interest free and repayable over 8 years and £48,460 from CIF on which interest is charged at 1.95% and is repayable over 10 years.

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant	102,146	4,958,499	(4,747,910)	-	312,735
Other DfE/ESFA grants	-	284,725	(284,725)	-	-
Other DfE/ESFA Pupil premium	-	215,293	(215,293)	-	-
Local Authority	35,752	102,593	(96,591)	-	41,754
Other restricted funds	32,322	151,156	(140,391)	679	43,766
Covid 19 support- catch up funding	-	81,600	(33,400)	-	48,200
Covid 19 support - mass testing	-	42,770	(14,011)	-	28,759
	<u>170,220</u>	<u>5,836,636</u>	<u>(5,532,321)</u>	<u>679</u>	<u>475,214</u>
Restricted fixed asset funds					
Transfer on conversion	9,942,768	-	(206,335)	-	9,736,433
Assets purchased since conversion	3,434,088	-	(280,387)	937,316	4,091,017
DfE/ESFA capital grants	<u>586,514</u>	<u>448,895</u>	<u>-</u>	<u>(888,511)</u>	<u>146,898</u>
	13,963,370	448,895	(486,722)	48,805	13,974,348
Restricted pension funds					
Pension reserve	<u>(2,125,000)</u>	<u>-</u>	<u>(134,000)</u>	<u>(609,000)</u>	<u>(2,868,000)</u>
Total restricted funds	12,008,590	6,285,531	(6,153,043)	(559,516)	11,581,562
Unrestricted funds					
Unrestricted general funds	<u>216,805</u>	<u>157,693</u>	<u>(101,094)</u>	<u>(49,484)</u>	<u>223,920</u>
Total funds	<u>12,225,395</u>	<u>6,443,224</u>	<u>(6,254,137)</u>	<u>(609,000)</u>	<u>11,805,482</u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Funds (continued)

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

Restricted general funds - The restricted general fund includes grants receivable from the Education 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 2021 (continued)

15 Funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant	-	4,515,357	(4,413,211)	-	102,146
Other DfE/ESFA grants	-	241,668	(241,668)	-	-
Other DfE/ESFA Pupil premium	-	222,340	(222,340)	-	-
Local Authority	-	103,101	(67,349)	-	35,752
Other restricted funds	2,838	90,184	(60,700)	-	32,322
Covid 19 support- catch up funding	-	8,276	(8,276)	-	-
	<u>2,838</u>	<u>5,180,926</u>	<u>(5,013,544)</u>	<u>-</u>	<u>170,220</u>
Restricted fixed asset funds					
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>
	13,579,142	755,606	(435,188)	63,810	13,963,370
Restricted pension funds					
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
Unrestricted funds					
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>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	13,827,450	13,827,450
Current assets	223,920	851,651	269,571	1,345,142
Current liabilities	-	(312,941)	(122,673)	(435,614)
Creditors over 1 year	-	(63,496)	-	(63,496)
Pension scheme liability	-	(2,868,000)	-	(2,868,000)
Total net assets	223,920	(2,392,786)	13,974,348	11,805,482

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	-	-	13,376,856	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)
Total net assets	216,805	(1,954,780)	13,963,370	12,225,395

17 Capital commitments

	2021 £	2020 £
Contracted for, but not provided in the financial statements	237,436	651,212

In addition to the above commitments, the Academy appointed a contractor to complete astro turf refurbishment works and such works commenced in September 2021. The agreed tender amount of £347,218 is intended to be settled via an operating lease, however the operating lease options were still being considered at the year end.

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

18 Financial commitments

Operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	3,801	7,014
Amounts due between one and five years	-	3,801
	<u>3,801</u>	<u>10,815</u>

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

	2020/21 £	2019/20 £
Net income	189,087	418,750
Depreciation	486,722	435,188
Capital grants from DfE and other capital income	(431,081)	(755,606)
Interest receivable	(75)	(471)
Defined benefit pension scheme obligation inherited	97,000	105,000
Defined benefit pension scheme finance cost	37,000	42,000
Decrease/(increase) in debtors	344,441	(670,287)
Decrease in creditors	(45,431)	(5,819)
Net cash provided by/(used in) Operating Activities	<u>677,663</u>	<u>(431,245)</u>

20 Cash flows from financing activities

	2020/21 £	2019/20 £
Repayments of borrowing	(1,025)	(513)
Cash inflows from new borrowing	59,536	-
Net cash provided by/(used in) financing activities	<u>58,511</u>	<u>(513)</u>

21 Cash flows from investing activities

	2020/21 £	2019/20 £
Dividends, interest and rents from investments	75	471
Purchase of tangible fixed assets	(937,316)	(275,953)
Capital grants from DfE Group	431,081	755,606
Net cash (used in)/provided by investing activities	<u>(506,160)</u>	<u>480,124</u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

22 Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	687,143	457,129
Total cash and cash equivalents	<u>687,143</u>	<u>457,129</u>

23 Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash	457,129	230,014	687,143
Loans falling due within one year	(1,025)	-	(1,025)
Loans falling due after more than one year	<u>(6,662)</u>	<u>1,025</u>	<u>(5,637)</u>
	<u>(7,687)</u>	<u>1,025</u>	<u>(6,662)</u>
Total	<u>449,442</u>	<u>231,039</u>	<u>680,481</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 £89,047 (2020 - £79,338) 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 2021 (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 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 £617,535 (2020: £564,916).

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 2021 (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 2021 was £182,000 (2020 - £176,000), of which employer's contributions totalled £149,000 (2020 - £145,000) and employees' contributions totalled £33,000 (2020 - £31,000). The agreed contribution rates for future years are 16.7% plus £56,700 for employers and 5.5% to 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

	2021 %	2020 %
Rate of increase in salaries	2.90	2.20
Rate of increase for pensions in payment/inflation	2.90	2.20
Discount rate for scheme liabilities	1.70	1.70
Inflation assumptions (CPI)	<u>2.90</u>	<u>2.20</u>

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

	2021	2020
Retiring today		
Males retiring today	21.50	21.40
Females retiring today	24.10	23.60
Retiring in 20 years		
Males retiring in 20 years	22.80	22.30
Females retiring in 20 years	<u>25.80</u>	<u>25.10</u>

Sensitivity analysis

	2021 £	2020 £
Discount rate +0.1%	(146,000)	(120,000)
Discount rate -0.1%	146,000	120,000
Mortality assumption – 1 year increase	(252,000)	(201,000)
Mortality assumption – 1 year decrease	252,000	201,000
CPI rate +0.1%	136,000	112,000
CPI rate -0.1%	<u>(136,000)</u>	<u>(112,000)</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 2021 (continued)

25 Pension and similar obligations (continued)

	2021 £	2020 £
Equities	1,994,040	1,626,800
Government bonds	1,203,300	1,045,800
Property	206,280	174,300
Cash and other liquid assets	34,380	58,100
Total market value of assets	<u>3,438,000</u>	<u>2,905,000</u>

The actual return on scheme assets was £365,000 (2020 - (£659,000)).

Amounts recognised in the statement of financial activities

	2020/21 £	2019/20 £
Current service cost	(246,000)	(250,000)
Interest income	50,000	62,000
Interest cost	<u>(87,000)</u>	<u>(104,000)</u>
Total amount recognised in the SOFA	<u>(283,000)</u>	<u>(292,000)</u>

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

	2020/21 £	2019/20 £
At start of period	5,030,000	5,631,000
Current service cost	246,000	250,000
Interest cost	87,000	104,000
Employee contributions	33,000	31,000
Actuarial (gain)/loss	974,000	(921,000)
Benefits paid	<u>(64,000)</u>	<u>(65,000)</u>
At 31 August	<u>6,306,000</u>	<u>5,030,000</u>

Changes in the fair value of Academy Trust's share of scheme assets

	2020/21 £	2019/20 £
At start of period	2,905,000	3,391,000
Interest income	50,000	62,000
Actuarial gain/(loss)	365,000	(659,000)
Employer contributions	149,000	145,000
Employee contributions	33,000	31,000
Benefits paid	<u>(64,000)</u>	<u>(65,000)</u>
At 31 August	<u>3,438,000</u>	<u>2,905,000</u>

Penair School

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

26 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

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 (2020: £0 - £5,000)

Employer's pension contributions: £Nil (2020: £Nil).

At the balance sheet date the amount due to Mrs D Brigden was £Nil (2020 - £Nil).

In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

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.)

Transactions totalling £1,800 (2020: £1,600) relating to services provided by Penair School took place in the year. £400 was outstanding at 31 August 2021 (2020: £nil).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

