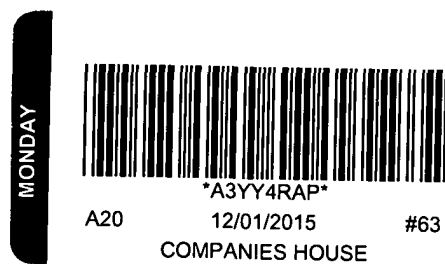


FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014



**FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members

Mrs G Aburrow
Mrs M S Collett
Mr D Nicoll
Mr D Yelland (resigned 31 December 2013)
Mr W B Miners, Headteacher (appointed 1 September 2013)
Mr A G Williams, Chair (re-appointed 3 December 2013)

Trustees

Mrs G Aburrow^{2,4,6}
Mr J M Buswell (resigned 5 June 2014)¹
Mrs L Clarke, Staff Governor (resigned 30 September 2014)²
Mrs M S Collett^{2,3,4,6}
Mrs J Farndon (resigned 3 December 2013)^{2,3}
Mrs S Godzicz, Vice Chair (re-appointed 3 December 2013)^{1,5}
Mr G Higginson^{2,3,5}
Mr W B Miners, Headteacher (appointed 1 September 2013)^{1,2}
Mr D Nicoll^{1,6}
Mr A Robinson (resigned 15 October 2013)^{1,4}
Mrs J Scarborough^{2,5}
Mrs V Stephens^{1,3}
Mrs S E Topf¹
Mr K Wilkes, Staff Governor (resigned 17 March 2014)¹
Mr A G Williams, Chair (re-appointed 3 December 2013)^{1,4,6}
Mr D Yelland (resigned 31 December 2013)^{1,3,5}
Mr C I Ridgers (appointed 3 December 2013)^{2,4}
Mr W M Pearce (appointed 4 November 2013)^{1,4}
Mr R J Williams (appointed 4 November 2013)^{2,3,5}
Mr A D George, Staff Governor (appointed 1 September 2013)^{1,2}
Mrs G M Druce (appointed 18 March 2014)^{2,3,4}
Mrs P M Iles, Staff Governor (appointed 18 March 2014)¹
Mr S G Moore (appointed 1 October 2014)²

- ¹ Resources committee
- ² Curriculum & staffing committee
- ³ Discipline (Students) committee
- ⁴ Personnel committee
- ⁵ Personnel appeals committee
- ⁶ Headteacher's review committee

**Company registered
number**

07695977

**Principal and Registered
office**

Trescobeas Road
Falmouth
Cornwall
TR11 4LH

Company secretary

Mrs D Law

Accounting officer

Mr W B Miners

Senior Leadership Team

Mr W B Miners, Headteacher (appointed 1 September 2013)
Mr A George, Deputy Headteacher (appointed 1 September 2013)
Mr S Horner, Assistant Headteacher
Mrs P Iles, Assistant Headteacher (appointed 1 September 2013)
Dr M Magro, Assistant Headteacher
Mrs C Watling, Assistant Headteacher (resigned 31 December 2013)
Dr M Fox, Assistant Headteacher (appointed 1 September 2014)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Mr P Preece, Assistant Headteacher (appointed 1 September 2014)
Mr J Wallis, Director of Learning (appointed 1 September 2013)
Mrs D Pullen, Director of Finance (appointed 4 September 2013)

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

Bankers Lloyds TSB
11-12 Killigrew Street
Falmouth
Cornwall
TR11 3PA

Solicitors Cornwall Council Legal Services
County Hall
Truro
Cornwall
TR1 3AY

Nalders Solicitors
38-39 Lemon Street
Truro
Cornwall
TR1 2NS

Actuary Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

**FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 19 in Falmouth. It has a pupil capacity of 1,300 and had a roll of 986 in the school census on 2 October 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Falmouth School are also the directors of the charitable company for the purposes of company law.

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

Members' liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £5,000,000.

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

TRUSTEES

Method of recruitment and appointment or election of Trustees

The Academy's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy, does not exceed one third of the total number of Trustees).

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

- up to 9 Trustees who are appointed by members.
- one LA Trustees who is appointed by the Local Authority.
- a minimum of 2 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- staff Trustees appointed by members through such a process as they may determine, provided that the total number of Trustees (including the Headteacher) who are employees of the Academy does not exceed one third of the total number of Trustees.
- the Headteacher who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four year period, save for those Trustees whose term of office will terminate upon

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

their retirement. 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 Academy's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Trustees are encouraged to attend any and all staff training events, staff meeting and enrichment sessions provided by the school. There are also sessions arranged by the Clerk for additional training and networking. Where there is a specific need for additional or regularity training the Clerk will try to source an appropriate provider to cover this area and ensure that a suitable member of the Board of Trustees is able to attend and report back to the full board on their return.

Organisational Structure

The composition of the Trustees is set out on page 1. The Board of Trustees are constituted under the Memorandum and Articles of Association. The Board of Trustees are responsible for ensuring that high standards of corporate governance are maintained. It is the Board of Trustees' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The Board of Trustees conducts its main business through two committees. These committees are Resources (Finance & Premises) and Curriculum & Staffing. Each committee has terms of reference which have been approved by the Board of Trustees. Full minutes of all meetings, except those deemed confidential by the Board, are available from the Clerk to the Trustees. In addition it also has three other committees – Discipline (Students), Personnel and Personnel Appeals, who meet as required within the agreed terms of reference. Again these meetings have an agenda and are minuted.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, Assistant Headteachers, Director of Learning and the Director of Finance. The SLT implement the policies laid down by the Trustees and report back to them on performance.

**FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Headteacher is the Accounting Officer.

Connected Organisations, including Related Party Relationships

The Academy is not part of any formal network. It is not connected to any other charities/organisations with which it cooperates in pursuit of charitable activities. The school works closely with other local primaries and secondary schools.

There are no related parties which either control or significantly influence the decisions and operations of Falmouth School. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

Falmouth School is part of a group of four schools working under the banner "South Shore Partnership" which provides excellent educational environments and unique opportunities for study for all 11-19 year old students in the area.

There is also significant work undertaken during traditional "non school hours" jointly with Penryn College to provide Extended Services provision (which includes holiday and afterschool workshops & sessions) across the Falmouth/Penryn area. Falmouth School also works jointly with Penryn College and the University of Falmouth in delivering post 16 courses to students and with Adult Education to offer increased work related options within the Sixth Form.

OBJECTIVES AND ACTIVITIES

The principal object and activity of the Academy is to advance for the public benefit education, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Falmouth School to provide free education and care for pupils of different abilities.

Falmouth School is an academy catering for both boys and girls between 11 and 19 who live in and around the town of Falmouth. There were approximately 815 students aged 11-16 and 200 in the Sixth Form during the academic year 2013/14. The school has approximately 76 full time and part time teachers supported by over 68 teaching assistants, clerical, technical and premises staff. Catering, grounds and cleaning services were provided by contract to the school however the grounds maintenance now forms part of the premise team during 2013/14. The last decade has seen huge changes in the accommodation at the school with new building extensions in 2003 (which allowed us to move onto a single site) and 2009 and a continuous programme of refurbishment and maintenance.

We believe our pupils are entitled to a broad and balanced curriculum which makes the most of their potential and prepares them for a full and fruitful adult life, for further learning and education, and also for leisure.

We want our pupils to be challenged and excited by their learning experiences, yet feel supported and valued. They must be offered parity of esteem and equality of opportunity. They should show mutual respect and be entitled to work and learn without interruption from others in an environment which is pleasant, safe and healthy. High levels of achievement, hard work and courteous, considerate behaviour are equally regarded and must be recognised and rewarded.

We are a good humoured but well-disciplined and well managed school, open and consultative, visionary and innovative, but with a real sense of purpose and knowing where we are going. Our teaching and support staff are committed to the highest professional standards and are themselves willing to learn and develop.

We work in partnership with our parents and with the wider community, to listen, to respond, support and be accountable to them, to share our resources and to enhance our learning programmes by using and involving the community.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its vision statement which is "Our students grow into happy, healthy and confident young people able to fulfil their potential in life."

The key objectives of the School are:

- Raise achievement in all subjects;
- Improve behaviour across the school;
- Improve the quality of teaching and learning to maintain good teaching every day.

Our key aims are to ensure that every learner

- is able to communicate effectively in English (read, write, listen and speak);
- can use and understand mathematics;
- knows how to seek, organise and use information (from books and information technology);
- acquires knowledge and understanding of the world's rapidly changing science and technology, its history and geography, economics and industry, literature, religions and cultural diversity, and socio-political and environmental issues, and
- achieves the best possible examination results.

We also aspire to have:

- develop manipulative, sporting, scientific, technical and other physical skills and practical abilities;
- encourage the use of creativity and imagination and enhanced aesthetic and spiritual awareness;
- encourage students to observe, to enquire, to apply skills and knowledge, to solve problems and to exercise judgement in decision making;
- offer useful guidance on careers and encouraged progression into life-time learning, and
- widen interest through a programme of extra-curricular activities.

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

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

To make these aims a reality we:

- seek to work with parents to ensure the best for their children and encourage parents to support the School in this endeavour;
- make sure students are cared for;
- deliver a broad and balanced curriculum that develops into a wide choice to suit each student's interests, and strengths;
- offer a wide range of clubs and out of school activities to enrich student development;
- provide independent advice and guidance to all learners aged 13-19, and
- engage pupils in discussion about moral and ethical issues, both formally and also informally within subject settings.

Public Benefit

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

FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commissions general guidance on public benefit. Falmouth School provides a broad and balanced curriculum to meet the needs of students of all abilities, including those with special educational needs.

Falmouth School is used by both the school and local community for most of the year and is open from 8am until 10pm on most days during the academic year. The school facilities are used by the local community for events ranging from football to works reunions; concerts to Family Fun Days. Many sporting activities are undertaken in collaboration with our local feeder primaries making the widest use of our pitches, equipment and staff, with the general public being able to hire our sporting facilities, classrooms and open spaces when they are available.

The following table outlines the key characteristics of Falmouth School:

Characteristics of Falmouth School – source RAISE Online 2013	2013
Number on roll	1082
% girls	50.1
% FSM (Free School Meals)	29.1
% Minority Ethnic Groups	5.3
% EAL (English as an Additional Language)	1.0
% students supported at school action	7.9
% students supported at school action plus or with a statement.	7.8
% stability	88.5
College deprivation indicator	0.2

Falmouth School in its third year of operation and is an Academy formed following recognition by Ofsted as a good school with outstanding features. The following information sets out the school context in terms of its most recent Ofsted inspection which judged the school to be good.

Overall Effectiveness	Good
Achievement of Pupils	Good
Quality of Teaching	Good
Behaviour & Safety of Pupils	Good
Leadership & Management	Outstanding

	2010	2011	2012	2013
GCSE				
%5+A*-C inc English and Maths	51	66	55	60
%5+A*-C	67	80	72	80
%5+A*-G	95	95	97	99
Best 8 Average Point Score	330	344	333	336
Average Total Point Score	468	527	476	473
Average Total Point Score - English	39	42	40	41
Average Total Point Score- Maths	36	38	38	39
A Level				
%A*-E pass rate	97.3	98.1	100	100
%A*-B attainment rate	34.5	25.3	39	46
Average point score per entry	207.5	203.2	197	210

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Key Performance Indicators

The key performance indicator (KPI) is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the year under review, the GAG carried forward balance was £292,120.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for funding in 2013/14 were 1,008, a decrease of 18 over 2012/13. Pupil demographics indicate a decline in number for next year followed by a period of stability. The future is more positive with a significant increase in numbers entering primary education and housing development in Falmouth continuing to grow.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2014 this was 79.5%, compared to 78.6% in 2013.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going Concern policy.

FINANCIAL REVIEW

The Academy derives the majority of its income from the Department for Education (DfE) through the Education Funding Agency (EFA) in the form of recurrent grants. The grants received during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2014, total expenditure of £6,251,446 was covered by recurrent grant funding from the DfE, together with other incoming resources totalling £7,226,868. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £975,422.

The Academy also receives grants for fixed assets from the DfE (Devolved Formula Capital) which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

At 31 August 2014 the net book value of fixed assets was £12,898,174 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were valued by EFA in 2012 at £12,390,110. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Trustees have adopted a Responsible Officer Policy/internal audit policy and appointed Mandy Vickery to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 4 reports from the Responsible Officer/internal audit which contained no matters of significance.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be enough to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Total reserves of the academy amount to £13,692,322, although £12,378,976 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £1,313,346 (representing £1,021,226 unrestricted funds and £292,120 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy.

The Trustees have reviewed the future plans of the Academy and have earmarked reserves as follows:

Campus 2020 Vision - an ongoing project which will involve the sale of land already held by Falmouth School and the purchasing of the former Budock Hospital Site adjacent to the school's current grounds. The redevelopment of this would include a flood-lit astro-turf pitch, carparking and changing pavilion. Funding has been agreed to cover initial project developments pending sale of the land/grant funding applications.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit. Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Director of Finance within strict guidelines approved by the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. The majority of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

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

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Resources Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy is in the process of securing funding to consolidate its site and develop its sports facilities.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity or organisation.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Falmouth School accepts all applications on merit, and uses the Cornwall Council HR frameworks for additional support. Any member of staff who becomes disabled whilst in employment is initially referred through Cornwall Council's Occupational Health Unit and their evaluation report and assessment used to facilitate the best provision and way forward to allow the member of staff to continue in post. All training, progression & professional development are undertaken through the annual use of the various Performance Review structures utilised within Falmouth School.

TRUSTEES INDEMNITIES

There were no third party indemnity provisions during the year ending 31 August 2014.


AUDITORS

In so far as the Trustees are aware:

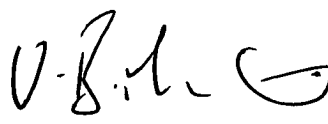
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 2 December 2014 and signed on the board's behalf by:



Mr A G Williams
Chair of Trustees



Mr W B Miners
Headteacher

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr A G Williams, Chair	3	3
Mrs G Aburrow	1	3
Mr J M Buswell	0	2
Mrs L Clarke, Staff Governor	1	3
Mrs M S Collett	2	3
Mrs G M Druce	1	1
Mrs J Farndon	0	1
Mr A D George, Staff Governor	3	3
Mrs S Godzicz, Vice Chair	2	3
Mr G Higginson	3	3
Mrs P M Iles, Staff Governor	1	1
Mr W B Miners, Headteacher	3	3
Mr D Nicoll	2	3
Mr W M Pearce	3	3
Mr C I Ridgers	3	3
Mr A Robinson	0	0
Mrs J Scarborough	1	3
Mrs V Stephens	3	3
Mrs S E Topf	3	3
Mr K Wilkes, Staff Governor	1	1
Mr R J Williams	3	3
Mr D Yelland	1	1
Mr S G Moore	0	0

Details of the Governors who served throughout the year except as noted are included in the updated Committee Structure on Page 1.

Governance reviews:

The Directors will review the governance structure of the Academy on an annual basis. The next review will be undertaken in September 2015.

The Resources Committee is a sub-committee of the main Board of Governors. The purpose of the Committee shall be to advise, guide and support the Full Board of Governors and the Headteacher, in the short and long terms, in all matters to do with the school's finances, buildings and grounds, and health and safety.

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs G Aburrow	1	3
Mr M Buswell	0	2
Mr A D George	3	3
Mrs S Godzicz	2	3
Mr W B Miners	3	3
Mr D Nicoll	2	3
Mr W M Pearce	3	3
Mrs V Stephens	3	3
Mrs S Topf	3	3
Mr K Wilkes	1	1
Mr G Williams (Chair)	3	3
Mr D Yelland	1	1
Mrs P M Iles	1	1
Mrs D Pullen (Director of Finance)	3	3

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Falmouth School for the year 1 September 2013 to 31 August 2014 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 Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Mrs M Vickery as internal auditor.

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

GOVERNANCE STATEMENT (continued)

Falmouth School has secured the services of an independent accountant to deliver the role of Responsible Officer (RO) in line with the EFA's requirements. During 2013/14 the RO delivered four reports and a final summary report to the Board of Trustee, none of which identified any material control issues. Minor alterations to internal systems were recommended and implemented.

REVIEW OF EFFECTIVENESS

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

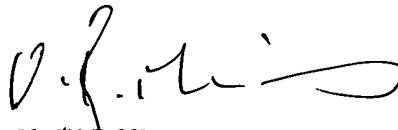
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 2 December 2014 and signed on its behalf, by:



Mr A G Williams
Chair of Trustees



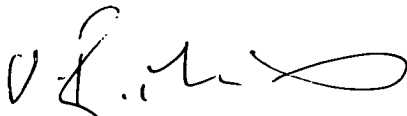
Mr W B Miners
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Falmouth School I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Mr W.B. Miners
Accounting Officer

Date: 2 December 2014

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

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

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:



Mr A G Williams
Chair of Trustees

Date: 2 December 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALMOUTH SCHOOL

We have audited the financial statements of Falmouth School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

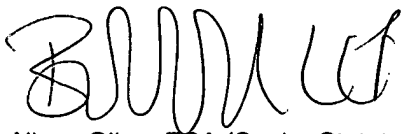
In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALMOUTH SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Alison Oliver FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro

Cornwall
TR1 2DP

Date: 17 December 2014

**FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FALMOUTH SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Falmouth School during the year 1 September 2013 to 31 August 2014 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 Falmouth School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Falmouth School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Falmouth School and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF FALMOUTH SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Falmouth School's funding agreement with the Secretary of State for Education dated July 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FALMOUTH
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alison Oliver FCA (Reporting Accountant)

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Chy Nyverow

Newham Road

Truro

Cornwall

TR1 2DP

Date: 17 December 2014

FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	76	85	980,459	980,620	6,270
Activities for generating funds	3	16,024	-	-	16,024	14,719
Investment income	4	20,358	-	-	20,358	18,719
Incoming resources from charitable activities	5	96,770	6,090,837	22,259	6,209,866	6,018,751
TOTAL INCOMING RESOURCES		133,228	6,090,922	1,002,718	7,226,868	6,058,459
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		1,591	-	-	1,591	2,983
Charitable activities		22,338	5,744,144	435,725	6,202,207	6,155,788
Governance costs	7	-	47,648	-	47,648	46,871
TOTAL RESOURCES EXPENDED	10	23,929	5,791,792	435,725	6,251,446	6,205,642
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		109,299	299,130	566,993	975,422	(147,183)
Transfers between Funds	21	-	(157,267)	157,267	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		109,299	141,863	724,260	975,422	(147,183)
Actuarial gains and losses on defined benefit pension schemes		-	(334,000)	-	(334,000)	34,000
NET MOVEMENT IN FUNDS FOR THE YEAR		109,299	(192,137)	724,260	641,422	(113,183)
Total funds at 1 September		911,927	(230,772)	12,369,745	13,050,900	13,164,083
TOTAL FUNDS AT 31 AUGUST		1,021,226	(422,909)	13,094,005	13,692,322	13,050,900

All activities relate to continuing operations. All of the academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the year.

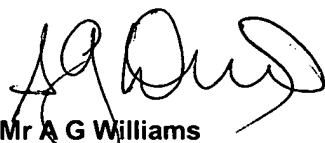
The notes on pages 24 to 44 form part of these financial statements.


FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07695977

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	17		12,898,174	12,251,247
CURRENT ASSETS				
Stocks	18	7,466	-	
Debtors	19	202,962	89,308	
Cash at bank and in hand		2,109,814	1,803,722	
		2,320,242	1,893,030	
CREDITORS: amounts falling due within one year	20	(753,094)	(670,377)	
NET CURRENT ASSETS			1,567,148	1,222,653
TOTAL ASSETS LESS CURRENT LIABILITIES			14,465,322	13,473,900
Defined benefit pension scheme liability	26		(773,000)	(423,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			13,692,322	13,050,900
FUNDS OF THE ACADEMY				
Restricted funds:				
General funds	21	350,091	192,228	
Fixed asset funds	21	13,094,005	12,369,745	
Restricted funds excluding pension liability		13,444,096	12,561,973	
Pension reserve		(773,000)	(423,000)	
Total restricted funds			12,671,096	12,138,973
Unrestricted funds	21		1,021,226	911,927
TOTAL FUNDS			13,692,322	13,050,900

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:


Mr A G Williams
 Chair of Trustees


Mr W B Miners
 Headteacher

The notes on pages 24 to 44 form part of these financial statements.

FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	23	1,346,127	(219,765)
Returns on investments and servicing of finance	24	20,358	18,719
Capital expenditure and financial investment	24	(1,060,393)	(65,806)
INCREASE/(DECREASE) IN CASH IN THE YEAR		306,092	(266,852)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	306,092	(266,852)
MOVEMENT IN NET FUNDS IN THE YEAR	306,092	(266,852)
Net funds at 1 September 2013	1,803,722	2,070,574
NET FUNDS AT 31 AUGUST 2014	2,109,814	1,803,722

The notes on pages 24 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

1.5 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 Academy 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.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	Over the term of the lease, with a maximum of 50 years on buildings
Office equipment	-	25% straight line
Computer equipment	-	33% straight line

1.7 OPERATING LEASES

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

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.9 TAXATION

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

1.10 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	76	85	161	6,270
Grants	-	980,459	980,459	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	76	980,544	980,620	6,270
	<hr/>	<hr/>	<hr/>	<hr/>

FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	15,562	-	15,562	14,502
Copy shop	462	-	462	217
	<u>16,024</u>	<u>-</u>	<u>16,024</u>	<u>14,719</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	20,358	-	20,358	18,719
	<u>20,358</u>	<u>-</u>	<u>20,358</u>	<u>18,719</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	22,259	22,259	43,859
General Annual Grant	-	5,591,264	5,591,264	5,349,293
Pupil Premium and Year 7 Catch Up	-	305,006	305,006	201,582
	<u>-</u>	<u>5,918,529</u>	<u>5,918,529</u>	<u>5,594,734</u>
Other government grants				
Special Educational Needs	-	10,877	10,877	66,874
Other Government grants	-	41,694	41,694	120,065
	<u>-</u>	<u>52,571</u>	<u>52,571</u>	<u>186,939</u>
Other funding				
Income for hosting trainee teachers	-	11,500	11,500	39,593
Sales to students	318	-	318	445
Internal catering	206	-	206	-
Other funding	96,246	130,496	226,742	197,040
	<u>96,770</u>	<u>141,996</u>	<u>238,766</u>	<u>237,078</u>
	<u>96,770</u>	<u>6,113,096</u>	<u>6,209,866</u>	<u>6,018,751</u>

FALMOUTH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	22,338	6,179,869	6,202,207	6,155,788

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	3,100	3,100	2,950
Auditors' non audit costs	-	10,373	10,373	6,167
Legal and Professional	-	25,007	25,007	26,165
Other costs	-	9,085	9,085	11,589
Trustees expenses reimbursed	-	83	83	-
	-	47,648	47,648	46,871

8. DIRECT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	2,000	3,500
Educational supplies	220,217	265,124
Examination fees	110,850	174,283
Staff development	8,701	8,303
Other costs	178,038	156,757
Supply teachers	108,804	57,819
Wages and salaries	2,943,797	2,869,912
National insurance	226,945	224,985
Pension cost	442,528	421,738
Depreciation	365,500	287,863
	4,607,380	4,470,284

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. SUPPORT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	4,000	6,500
Recruitment and other staff costs	26,699	65,787
Maintenance of premises and equipment	126,586	157,048
Cleaning	175,166	160,343
Rent and rates	48,990	48,565
Heat and light	85,987	94,233
Insurance	127,935	126,640
Security and transport	26,042	24,536
Catering	30,706	52,218
Technology costs	29,046	20,240
Office overheads	42,532	38,421
Legal and professional	117,389	174,065
Wages and salaries	562,514	520,286
National insurance	27,664	28,499
Pension cost	93,346	82,370
Depreciation	70,225	85,753
	<u>1,594,827</u>	<u>1,685,504</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

10. RESOURCES EXPENDED

	Staff costs	Premises	Non Pay Expenditure Other	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Costs of generating voluntary income	-	-	1,591	1,591	2,983
COSTS OF GENERATING FUNDS	-	-	1,591	1,591	2,983
Education	3,722,074	215,495	669,811	4,607,380	4,470,284
Support costs - Education	683,524	434,049	477,254	1,594,827	1,685,504
CHARITABLE ACTIVITIES	4,405,598	649,544	1,147,065	6,202,207	6,155,788
GOVERNANCE	-	-	47,648	47,648	46,871
	4,405,598	649,544	1,196,304	6,251,446	6,205,642

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000
		Amount £ Reason
Ex-gratia/compensation payments	4,000	- Settlement agreement

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Education	4,607,380	1,594,827	6,202,207	6,155,788

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	435,725	373,616
Auditors' remuneration	3,100	2,950
Auditors' remuneration - non-audit	10,373	6,167
	<u>449,198</u>	<u>382,733</u>

13. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	3,438,580	3,360,198
Social security costs	254,609	253,484
Pension costs	535,874	504,108
	<u>4,229,063</u>	<u>4,117,790</u>
Supply teacher costs	108,804	57,819
Other staff costs	67,731	30,000
	<u>4,405,598</u>	<u>4,205,609</u>

b. Staff severance payments

Included in other costs are non-statutory/non-contractual severance payments totalling £4,000.

c. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	62	68
Administration and support	41	61
Management	7	7
	<u>110</u>	<u>136</u>

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FOR THE YEAR ENDED 31 AUGUST 2014

13. STAFF (continued)

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
	<u>2</u>	<u>2</u>

Contributions to pension schemes in respect of the above staff members during the year were £19,399.

14. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 7 Trustees (2013: 6) in respect of defined benefit pension schemes.

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2014	2013
Mrs V Stephens (Staff Governor)	£15,000 - £20,000	£15,000 - £20,000
Mr K Wilkes (Staff Governor)	£35,000 - £40,000	£30,000 - £35,000
Mrs S Topf (Staff Governor)	£45,000 - £50,000	£40,000 - £45,000
Mrs L Clarke (Staff Governor)	£45,000 - £50,000	£30,000 - £35,000
Mrs P M Isles (Staff Governor)	£55,000 - £60,000	£NIL
Mr A D George (Deputy Head)	£65,000 - £70,000	£60,000 - £65,000
Mr W B Miners (Headteacher)	£85,000 - £90,000	£70,000 - £75,000

During the year ended 31 August 2014, expenses totalling £83 (2013: £NIL) were reimbursed to 2 Trustees (2013: NIL).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,463 (2013: £1,463). The cost of this insurance is included in the total insurance cost.

FALMOUTH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

16. OTHER FINANCE EXPENDITURE

	2014 £	2013 £
Expected return on pension scheme assets	80,000	55,000
Interest on pension scheme liabilities	(86,000)	(65,000)
	<u>(6,000)</u>	<u>(10,000)</u>

17. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Office equipment £	Computer equipment £	Total £
COST				
At 1 September 2013	12,476,406	393,809	156,655	13,026,870
Additions	1,043,047	22,450	17,155	1,082,652
At 31 August 2014	<u>13,519,453</u>	<u>416,259</u>	<u>173,810</u>	<u>14,109,522</u>
DEPRECIATION				
At 1 September 2013	478,137	201,519	95,967	775,623
Charge for the year	276,469	104,065	55,191	435,725
At 31 August 2014	<u>754,606</u>	<u>305,584</u>	<u>151,158</u>	<u>1,211,348</u>
NET BOOK VALUE				
At 31 August 2014	<u>12,764,847</u>	<u>110,675</u>	<u>22,652</u>	<u>12,898,174</u>
At 31 August 2013	<u>11,998,269</u>	<u>192,290</u>	<u>60,688</u>	<u>12,251,247</u>

18. STOCKS

	2014 £	2013 £
Educational materials	<u>7,466</u>	<u>-</u>

19. DEBTORS

	2014 £	2013 £
Trade debtors	16,772	963
Other debtors	94,598	76,030
Prepayments and accrued income	91,592	12,315
	<u>202,962</u>	<u>89,308</u>

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20. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	44,124	149,747
Other taxation and social security	144,722	143,089
Accruals and deferred income	564,248	377,541
	<u>753,094</u>	<u>670,377</u>

DEFERRED INCOME

Deferred income at 1 September 2013	331,730
Resources deferred during the year	385,965
Amounts released from previous years	(331,730)
	<u>385,965</u>
Deferred income at 31 August 2014	<u>385,965</u>

At the balance sheet date the Academy was holding PFI funds received in advance totalling £368,533, and rates relief funds totalling £17,432.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	911,927	133,228	(23,929)	-	-	1,021,226
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	5,541,217	(5,091,830)	(157,267)	-	292,120
Pupil premium	-	291,506	(291,506)	-	-	-
Special Educational Needs	-	10,877	(10,877)	-	-	-
16-19 Bursary	-	50,047	(36,070)	-	-	13,977
Year 7 Catch up	-	13,500	(13,500)	-	-	-
Summer School	-	20,000	(13,788)	-	-	6,212
Donations	-	85	(85)	-	-	-
Jeffrey Governors	-	10,066	-	-	-	10,066
Other restricted funds	155,588	145,007	(272,979)	-	-	27,616
Other Private fund	-	100	-	-	-	100
SouthShore	36,640	4,455	(41,095)	-	-	-
Comenius Project	-	4,062	(4,062)	-	-	-
Pension reserve	(423,000)	-	(16,000)	-	(334,000)	(773,000)
	(230,772)	6,090,922	(5,791,792)	(157,267)	(334,000)	(422,909)

FALMOUTH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	12,100,972	-	(365,544)	-	-	11,735,428
Fixed assets purchased from GAG and other restricted funds	64,456	-	(35,755)	86,533	-	115,234
Fixed assets purchased from DfE/EFA Capital grants	85,819	-	(14,818)	15,660	-	86,661
DfE/EFA Capital grants	118,498	22,259	-	(24,926)	-	115,831
Campus 2020 Vision	-	-	-	80,000	-	80,000
Fixed assets purchased from PFI	-	980,459	(19,608)	-	-	960,851
	<u>12,369,745</u>	<u>1,002,718</u>	<u>(435,725)</u>	<u>157,267</u>	<u>-</u>	<u>13,094,005</u>
Total restricted funds	<u>12,138,973</u>	<u>7,093,640</u>	<u>(6,227,517)</u>	<u>-</u>	<u>(334,000)</u>	<u>12,671,096</u>
Total of funds	<u>13,050,900</u>	<u>7,226,868</u>	<u>(6,251,446)</u>	<u>-</u>	<u>(334,000)</u>	<u>13,692,322</u>

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

Restricted Funds

General Annual Grant - Income from the EFA which is to be use for the normal running costs of the Academy, including education and support costs.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Special Educational Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Year 7 Catch up and Summer School - Funding received to provide to support students in raising their attainment levels.

Jeffrey Governors - Funding transferred from the Private fund to be used to fund specific support areas.

South Shore Education Partnership - Funding received for specific educational specialism.

Pension reserve – This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. STATEMENT OF FUNDS (continued)

Fixed Asset Funds

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the school from the Local Authority on conversion to an academy. The balance at the period end represents the net book value of assets capitalised.

Fixed assets purchased from GAG and other restricted funds – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the net book value of assets capitalised.

Fixed assets purchased from DfE/EFA Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the period end represents the net book value of assets capitalised.

DfE/EFA Capital grants - This represents funding from the EFA which was transferred on conversion and received since that date to cover the maintenance and purchase of the schools assets. The balance at the year end represents the unspent balance of the restricted fixed asset fund.

Campus 2020 Vision - This fund has been set up following the Trustees decision to develop a new Sports Hub for the Academy.

Fixed assets purchased from PFI - This represents the funds received from the Local Authority for the maintenance and improvement of buildings required in addition to the PFI maintenance agreement entered into on conversion. The balance at the period end represents the net book value of assets capitalised.

At the year end a transfer was made out of restricted funds into restricted fixed assets funds corresponding to the value of fixed assets purchased out of those funds.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	911,927	133,228	(23,929)	-	-	1,021,226
Restricted funds	(230,772)	6,090,922	(5,791,792)	(157,267)	(334,000)	(422,909)
Restricted fixed asset funds	12,369,745	1,002,718	(435,725)	157,267	-	13,094,005
	<u>13,050,900</u>	<u>7,226,868</u>	<u>(6,251,446)</u>	<u>-</u>	<u>(334,000)</u>	<u>13,692,322</u>

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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	12,898,174	12,898,174	12,251,247
Current assets	1,021,226	1,103,185	195,831	2,320,242	1,893,030
Creditors due within one year	-	(753,094)	-	(753,094)	(670,377)
Pension scheme liability	-	(773,000)	-	(773,000)	(423,000)
	<u>1,021,226</u>	<u>(422,909)</u>	<u>13,094,005</u>	<u>13,692,322</u>	<u>13,050,900</u>

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	975,422	(147,183)
Returns on investments and servicing of finance	(20,358)	(18,719)
Depreciation of tangible fixed assets	435,725	373,616
Capital grants from DfE	(22,259)	(43,859)
Increase in stocks	(7,466)	-
Increase in debtors	(113,654)	(52,017)
Increase/(decrease) in creditors	82,717	(341,603)
Defined benefit pension scheme adjustments	16,000	10,000
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	<u>1,346,127</u>	<u>(219,765)</u>

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>20,358</u>	<u>18,719</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,082,652)	(109,665)
Capital grants from DfE	22,259	43,859
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(1,060,393)</u>	<u>(65,806)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

25. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	31 August 2014 £
Cash at bank and in hand:	1,803,722	306,092	2,109,814
NET FUNDS	1,803,722	306,092	2,109,814

26. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £144,722 were payable to the schemes at 31 August 2014 (2013: 143,089) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

26. PENSION COMMITMENTS (continued)

the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £179,000, of which employer's contributions totalled £141,000 and employees' contributions totalled £38,000. The agreed contribution rates for future years are 19.9% for employers and 5.5% - 7.5% for employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

26. PENSION COMMITMENTS (continued)

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

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.20	902,000	6.60	859,000
Bonds	3.20	680,000	3.90	341,000
Property	4.50	102,000	4.70	68,000
Cash	3.30	17,000	3.60	95,000
Total market value of assets		1,701,000		1,363,000
Present value of scheme liabilities		(2,474,000)		(1,786,000)
(Deficit)/surplus in the scheme		(773,000)		(423,000)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,474,000)	(1,786,000)
Fair value of scheme assets	1,701,000	1,363,000
Net liability	(773,000)	(423,000)

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

	2014 £	2013 £
Current service cost	(151,000)	(126,000)
Interest on obligation	(86,000)	(65,000)
Expected return on scheme assets	80,000	55,000
Total	(157,000)	(136,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

26. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	1,786,000	1,519,000
Current service cost	151,000	126,000
Interest cost	86,000	65,000
Contributions by scheme participants	38,000	34,000
Actuarial Losses	445,000	42,000
Benefits paid	(32,000)	-
	<u>2,474,000</u>	<u>1,786,000</u>
Closing defined benefit obligation	<u>2,474,000</u>	<u>1,786,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,363,000	1,072,000
Expected return on assets	80,000	55,000
Actuarial gains and (losses)	111,000	76,000
Contributions by employer	141,000	126,000
Contributions by employees	38,000	34,000
Benefits paid	(32,000)	-
	<u>1,701,000</u>	<u>1,363,000</u>
	<u>1,701,000</u>	<u>1,363,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £-334,000 (2013: £34,000).

The Academy expects to contribute £146,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
European equities	53.00 %	63.00 %
European bonds	40.00 %	25.00 %
Property	6.00 %	5.00 %
Cash	1.00 %	7.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	4.80 %	5.60 %
Rate of increase in salaries	4.40 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.80 %

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26. PENSION COMMITMENTS (continued)

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

	2014	2013
Retiring today		
Males	22.2	21.3 years
Females	24.4	23.4 years
Retiring in 20 years		
Males	24.4	23.2 years
Females	26.8	25.6 years

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(2,474,000)	(1,786,000)
Scheme assets	1,701,000	1,363,000
Deficit	<u>(773,000)</u>	<u>(423,000)</u>
Experience adjustments on scheme liabilities	(445,000)	(42,000)
Experience adjustments on scheme assets	<u>111,000</u>	<u>76,000</u>

Pension reserve – This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

The Academy has entered into an agreement with the LGPS trustees to make additional annual contributions of £19,200 in addition to normal funding levels, over a period of 20 years, in order to bridge the scheme deficit.

27. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
EXPIRY DATE:		
Between 2 and 5 years	<u>43,120</u>	<u>26,318</u>

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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of Trustees being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year the Academy made purchases totalling £4,294 (2013: £5,827) from Christian Topf Design, a company controlled by Mr C Topf, the husband of Mrs S Topf, a Trustee.

During the year the Academy made purchases totalling £4,830 (2013: £NIL) from Nalders Solicitors, a firm in which Mr J M Buswell, a Trustee, is a partner.

In entering into the above transactions the Academy has complied with the requirements of the EFA's Academies Financial Handbook.