

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

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

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<b>Members</b>	Mr A Williams, Chair (appointed 1 September 2017) <sup>2,3</sup> Reverend S Cade (appointed 1 September 2017) Professor D Hosken (appointed 1 September 2017) Mr D Nicoll, Vice Chair (appointed 1 September 2017) Mrs J Scarborough (appointed 1 September 2017)
<b>Trustees</b>	Mr A Williams, Chair <sup>2,3</sup> Mr D Nicoll, Vice Chair <sup>2,3,4</sup> Mrs S Godzicz <sup>1,3</sup> Mr M Griffiths <sup>1,3</sup> Mrs J Osborne (appointed 1 September 2017, resigned 3 July 2018) <sup>2</sup> Mr R Wilson (appointed 1 September 2017) <sup>1,5</sup>
	1 Operations Committee 2 Standards Committee 3 Falmouth School Local Advisory Board 4 King Charles School Local Advisory Board 5 St Francis School Local Advisory Board

<b>Company registered number</b>	07695977
<b>Company name</b>	Falmouth MAT
<b>Principal and Registered office</b>	Trescobeas Road Falmouth Cornwall TR11 4LH
<b>Company secretary</b>	Mrs D Pullen
<b>Accounting officer</b>	Mr W Miners, Chief Executive Officer

The following staff were the members of the Strategic MAT Leadership Team for the year ended 31 August 2018.

**Strategic MAT  
Leadership Team**

Mr W Miners, Chief Executive Officer  
Mrs D Pullen, Director of Shared Services  
Mr M Hickman, Director of Teaching and Learning  
Mrs P Isles, Director of Student Services  
Mrs C Fortey, Executive Headteacher (Resigned 31/1/18)

<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors Chy Nyverow Newham Road Truro Cornwall TR1 2DP
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**FALMOUTH MAT  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**Advisers (continued)**

<b>Bankers</b>	Lloyds TSB 11-12 Killigrew Street Falmouth Cornwall TR11 3PA
<b>Solicitors</b>	Nalders Osprey House Farley House Falmouth Road Cornwall TR1 2HX
<b>Actuary</b>	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB

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

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

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

The Trust operates 2 primary academies and 1 secondary academy in Falmouth. Its academies have a combined pupil capacity of 2184 and had a roll of 1758 in the school census on 4<sup>th</sup> October 2018.

Pupil capacity at St Francis is 420, number on roll is 422

Pupil capacity at King Charles is 420 not including the nursery, number on roll is 411. There are 19 children in the nursery.

Pupil capacity at Falmouth School is 1344, number on roll is 925

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust was incorporated in 2011 and converted to a Multi Academy Trust on 1 September 2017. It is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Falmouth MAT are also the directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Falmouth MAT.

Details of the Trustees who served throughout the year, and to the date the accounts are approved are included in the Reference and Administration Details on pages s 1 to 2.

**Members' liability**

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

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	<b>4</b>
Full-time equivalent employee number	<b>4</b>

**Percentage of time spent on facility time**

<b>Percentage of time</b>	<b>Number of employees</b>
0%	<b>4</b>
1%-50%	-
51%-99%	-
100%	-

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

	<b>£</b>	
Total cost of facility time	-	
Total pay bill	-	
Percentage of total pay bill spent on facility time	-	%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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.

**Method of Recruitment and Appointment or Election of Trustees**

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

- Up to 6 Trustees who are appointed by members.
- No fewer than 2 Trustees appointed by Askel Veur provided this does not exceed 25% of the total number of Trustees.

Trustees are appointed for a four year period, 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 MAT's development.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Academy Trust 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 MAT officer for additional training and networking. Where there is a specific need for additional or regularity training the MAT officer 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 met 9 times during the MAT's inaugural year. This changed to termly meetings from 1<sup>st</sup> September 2018. 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.

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

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The Governance structure of Falmouth MAT was reviewed during the 2017/18 academic year and the new structure was approved on 6<sup>th</sup> March 2018. The following 2 Committees were established.

- Operations Committee - this meets termly and is responsible for overseeing all matters relating to resources, staffing, policy, premises, compliance and regulation.
- Standards Committee - this meets termly and is responsible for overseeing all matters relating to school improvement, students, teaching and learning, safeguarding, ethos and values.

In addition to this, each school has a Local Advisory Board that operates under the MAT's Scheme of Delegated Authority. A representative from each LAB sits on the Operations and Standards Committees.

A full skills audit of the Directors was completed in July 2018 showing no significant gaps.

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 Chief Executive and Executive Board. The Executive Board comprises the Chief Executive, Director of Operations, Director of Teaching and Learning, Director of Student Services, Head of School at Falmouth School, Head Teacher and Deputy Head Teacher at St Francis School and the Head Teacher and Deputy Headteacher at King Charles School. The Executive Board implement the policies laid down by the Trustees and report back to them on performance.

The Chief Executive is the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees consider the Board of Trustees and the Executive Board comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size and market conditions are considered. The benchmark is the mid-point of the range paid for similar roles adjusting for any additional responsibilities.

**Connected Organisations, including Related Party Relationships**

The MAT 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 MAT works closely with other local primary and secondary schools.

There are no related parties which either control or significantly influence the decisions and operations of Falmouth MAT.

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.

The MAT work with the University of Falmouth and Plymouth Argyle in delivering post 16 courses to students.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

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

Falmouth MAT comprises of 3 schools all based in Falmouth. One secondary Falmouth School, and two primary schools, King Charles Primary School and St Francis C of E Primary School.

Falmouth MAT is a partnership of schools in Falmouth working together to ensure children can access the highest possible levels of achievement in fulfilling their potential. At the very heart of our partnership is our community in and around Falmouth and our commitment to ensure decisions about the current and future educational provision for our children remains locally based. As partners we remain committed to the belief that education has the power to change lives and that this is best achieved through a partnership that works together whilst also recognising and celebrating the unique and distinctive features of our schools

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 good humoured but well-disciplined and well managed schools, 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 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.

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

The strategy for the MAT is encompassed in its vision to 'place learning as the focus of our work and that we have courage and passion to innovate and achieve the very best we can' (Falmouth MAT Vision Statement – [www.falmouthmat.org.uk](http://www.falmouthmat.org.uk))

The key objectives of the School are:

- Achieve the highest possible standards and outcomes for our schools
- Have the best teaching and learning possible in our schools
- Ensure our children are as positively engaged in learning as possible
- Ensure our children build and maintain respectful relationships
- Ensure we have a local Governance structure and therefore a local decision making approach

We therefore aspire to:

- Develop further academic, sporting, technical and practical skills and abilities
- Foster and further encourage the use of creativity, imagination, aesthetic and spiritual awareness
- Encourage observation and enquiry when problem solving and exercising judgement
- Ensure informed progression takes place into next stage and lifelong learning
- Maintain our local voice in decision making

It is also equally important that the MAT ensures our children:

- Understand self-discipline
- Work well with others



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

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- Take pride in their work, appearance and punctuality
- Are polite, reliable, adaptable and persevering
- Are tolerant of other viewpoints
- Take care of our learning and community environment

To make these aim a reality we:

- Ensure we support our students as best we can
- Deliver a broad and balanced curriculum that provides opportunity for each student to build upon their interests and strengths
- Offer wide ranging extra-curricular opportunities
- Encourage discussion about moral and ethical issues
- Provide advice and guidance regarding next stage opportunities
- Seek to work with families

**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 Trust's aims and objectives and in planning its future activities.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

Children in Falmouth MAT have achieved very strong outcomes relative to national averages across a range of different outcome measure.

The outcome measures for Falmouth School evidence the school maintaining itself as one of the highest achieving non-selective state schools in the region. The school is currently the highest ranked school in Cornwall for the exam grades achieved in Year 11 across all subjects.

The percentage of students achieving both a 'standard' and a 'strong' (DfE definitions) passes in English and Maths have improved once again maintaining significantly above national average outcomes on these measures. This year 54.1% children in Year 11 achieved a grade 5 ('strong' pass) against a national average figure of 39.9%.

The outcome measures for King Charles School evidence significantly above national averages for Year 6 attainment outcomes and improvements on progress achieved by children in a number of areas. In Reading, Writing and Maths the percentages of children reaching the expected standards were 94%, 89% and 85% respectively against national averages of 75%, 78% and 75%. Progress scores for the same measures were also above the national averages, evidencing an upward trend.

The outcomes measures for St Francis School evidence significantly above national averages of Year 6 progress outcomes and improvements on attainment outcomes achieved by children in a number of areas. Progress outcomes In Reading, Writing and Maths were significantly above the national averages with 3.1, 3.0 and 2.5 respectively being achieved. For each of the same subjects, attainment percentages were also above the national averages.

Falmouth MAT has a community focus the use of facilities. Facilities at Falmouth MAT are used by both the school and the local community throughout the year. Facilities are open from 6:00am until 10:00pm and offer a range of opportunities for the local community. The MAT also offers a subsidised rates for usage for local groups who have a longer term rental history with the MAT with a high percentage of group membership being MAT children.

**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) is closely monitored. At the year end, the GAG carried forward balance was £1,428,311, of which £1,228,564 was brought forward from previous years.

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

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As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers across the Academy Trust for 2018 are 1,767, an increase of 23 from 2017. It is anticipated that this number will continue to rise.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2018 this was 88%, compared to 81% in 2017.

**Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**FINANCIAL REVIEW**

**Financial Review**

The Academy derives the majority of its income from the Department for Education (DfE) through the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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.

During the year ended 31 August 2018, total expenditure of £8,881,042 was covered by recurrent grant funding from the DfE, together with other incoming resources totalling £18,522,623. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £47,485.

At 31 August 2018 the net book value of fixed assets was £25,627,894 and movements in tangible fixed assets are shown in note 15 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 ESFA 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 24 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.

**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.

A reserve of £1,608,768 is held within the unrestricted funds to provide protection against unforeseen financial risk, such as future trends in pupil intake across the schools within the MAT and also any changes to the funding mechanisms used to determine allocations of GAG and the Post 16 provision.

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

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Total reserves of the MAT amount to £27,502,842, although £26,200,457 of this represents fixed assets and unspent capital restricted funds. The remaining balance includes £1,846,000 of pension deficit and £1,608,768 of unrestricted funds and this is the balance that the Trustees monitor in accordance with the Boards 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 MAT is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the MAT'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 MAT.

**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 Trust 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 MAT has considerable reliance on continued Government funding through the ESFA. The majority of the MAT'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 MAT'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.

Reputational - the continuing success of the MAT 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 MAT 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 MAT 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 MAT 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.

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

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The Trustees have assessed the major risks to which the MAT 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 MAT 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 25 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.

**FUNDRAISING**

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

**PLANS FOR FUTURE PERIODS**

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

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

The MAT now provides a formal working partnership structure across the partner schools. The MAT consists of three locally based schools; Falmouth School, King Charles School and St Francis School.

The MAT will continue to strive to provide the most effective and efficient service and maintain the best possible outcomes for our children both across the partnership and across the local community.

Further, the MAT will continue to aim to attract the highest quality staff for both the teaching and non-teaching requirements of our work.

The MAT has implemented the new 'Shared Service' across all three schools to support each partner in both day to day organisation and setting the longer term strategy. Whilst the focus of this work has been specifically within the non-teaching part of the MAT, the opportunities to strengthen and develop the work of the teaching staff across the partnership has also resulted in a number of opportunities to be both further implemented and explored in greater depth.

Within the Shared Service, non-teaching partnership work is now undertaken in the areas of finance processing, finance quality assurance, estates management and development, IT infrastructure maintenance and development, governance support, leadership support and library provision

The close and effective work of the partnership can also be evidenced in increased opportunities to further support the pastoral and teaching structures across the partner schools. Joint work is now undertaken in staff training and professional development, safeguarding, the work of TA's, inclusion, behaviour management, attendance and admissions, the development of a teaching model, data tracking and leadership.

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

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Across our governance structures the significant advantages of working together can also be evidenced. New systems of accountability, school improvement and school evaluation have been introduced to ensure our children are receiving the very best education we can deliver.

**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.

**EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

Falmouth MAT accepts all applications on merit. Any member of staff who becomes disabled whilst in employment is initially referred through to Occupational Health 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 and professional development are undertaken through the annual use of the various Performance Review structures utilised within Falmouth MAT.

**TRUSTEES INDEMNITIES**

There were no third party indemnity provisions during the year ending 31 August 2018.

**AUDITORS**

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 7 December 2018 and signed on the board's behalf by:

**Mr A Williams**  
Chair of Trustees

**Mr W Miners**  
Chief Executive Officer

## **GOVERNANCE STATEMENT**

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### **SCOPE OF RESPONSIBILITY**

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

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

### **GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 9 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 Williams, Chair	9	9
Mr D Nicoll, Vice Chair	8	9
Mrs S Godzicz	9	9
Mr M Griffiths, Vice Chair	9	9
Mr R Wilson	9	9
Mrs J Osborne	8	9

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

The Operations Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee all matters relating to resources, staffing, policy, premises, compliance and regulation.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Godzicz	1	1
Mr M Griffiths	1	1
Mr R Wilson	1	1

### **REVIEW OF VALUE FOR MONEY**

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

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

Improving education results - The School has ensured that resources are directed where they are most needed and most effective in meeting educational requirements. This has been achieved by targeting resources in line with the School Improvement Plan (SIP). The effectiveness of these strategies can be seen by improved pupil achievements. Falmouth MAT are committed to ensure that all results exceed national average and our focus is to continue to improve and ensure that students achieve their potential.

**GOVERNANCE STATEMENT (continued)**

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Financial governance and oversight - The School's system of internal financial control is based on a framework of regular management information and administrative procedures including segregation of duties and a system of delegation and accountability. The Board of Trustees are further informed by regular internal audit reports following monitoring visits undertaken by an external firm of accountants.

Better purchasing - All service and contracts are appraised or renegotiated in a timely manner to ensure the school has adopted the principles of 'best value'. The school takes the opportunity to work collaboratively with other local schools to strive to share best practice and, where appropriate, generate improved efficiencies through economies of scale and best value.

Maximising income generation - The School is constantly reviewing opportunities to generate additional and reliable revenue streams including lettings, providing services to other local schools and hosting teacher training.

Through a combination of individual needs, identification of priorities, competitive tendering, commitment to best value, the academy is able to ensure the funding received is used effectively.

**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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Falmouth MAT for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purpose 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 Hodgsons Chartered Accountants as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

**GOVERNANCE STATEMENT (continued)**

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On a semi-annual basis, the 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.

**REVIEW OF EFFECTIVENESS**

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Operations 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 7 December 2018 and signed on their behalf, by:

**Mr A Williams**  
**Chair of Trustees**

**Mr W Miners**  
**Accounting Officer**



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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

**Mr W Miners  
Accounting Officer**

Date: 7 December 2018

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

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

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

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

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

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

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

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

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

**Mr A Williams**  
Chair of Trustees

Date: 7 December 2018

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FALMOUTH MAT**

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**OPINION**

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

In our opinion the financial statements:

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

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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

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

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FALMOUTH MAT**

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
FALMOUTH MAT**

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**USE OF OUR REPORT**

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

Alison Oliver FCA (Senior Statutory Auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
Chy Nyverow  
Newham Road  
Truro  
Cornwall  
TR1 2DP  
19 December 2018

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO FALMOUTH MAT AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 6 November 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Falmouth MAT during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Falmouth MAT's funding agreement with the Secretary of State for Education dated July 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO FALMOUTH  
MAT AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

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

Alison Oliver FCA (Reporting Accountant)

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

19 December 2018

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

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer from local authority on conversion	2	686,910	(731,000)	10,021,337	9,977,247	-
Other donations and capital grants	2	493	3,100	75,728	79,321	518,278
Charitable activities	3	249,698	8,057,801	121,016	8,428,515	4,940,065
Other trading activities	4	35,267	-	-	35,267	29,642
Investments	5	2,273	-	-	2,273	8,419
Other income	6	-	-	-	-	2,854,965
<b>TOTAL INCOME</b>		<b>974,641</b>	<b>7,329,901</b>	<b>10,218,081</b>	<b>18,522,623</b>	<b>8,351,369</b>
<b>EXPENDITURE ON:</b>						
Raising funds		2,233	-	-	2,233	13,734
Charitable activities		72,262	8,182,562	623,985	8,878,809	5,027,479
<b>TOTAL EXPENDITURE</b>	7	<b>74,495</b>	<b>8,182,562</b>	<b>623,985</b>	<b>8,881,042</b>	<b>5,041,213</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	20	900,146 266,422	(852,661) 1,468	9,594,096 (267,890)	9,641,581 -	3,310,156 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		<b>1,166,568</b>	<b>(851,193)</b>	<b>9,326,206</b>	<b>9,641,581</b>	<b>3,310,156</b>
Actuarial gains on defined benefit pension schemes	25	-	519,000	-	519,000	612,000
<b>NET MOVEMENT IN FUNDS</b>		<b>1,166,568</b>	<b>(332,193)</b>	<b>9,326,206</b>	<b>10,160,581</b>	<b>3,922,156</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		442,200	25,810	16,874,251	17,342,261	13,420,105
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,608,768</b>	<b>(306,383)</b>	<b>26,200,457</b>	<b>27,502,842</b>	<b>17,342,261</b>

The notes on pages 25 to 51 form part of these financial statements.



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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	15		<b>25,627,894</b>		13,872,139
<b>CURRENT ASSETS</b>					
Stocks	16	<b>11,322</b>		19,269	
Debtors	17	<b>1,029,332</b>		226,806	
Cash at bank and in hand		<b>3,493,501</b>		5,041,748	
			<u><b>4,534,155</b></u>	<u>5,287,823</u>	
<b>CREDITORS:</b> amounts falling due within one year	18	<b>(813,207)</b>		<b>(569,701)</b>	
<b>NET CURRENT ASSETS</b>			<u><b>3,720,948</b></u>		<u>4,718,122</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>29,348,842</b></u>		<u>18,590,261</u>
Defined benefit pension scheme liability	25		<u><b>(1,846,000)</b></u>		<u>(1,248,000)</u>
<b>NET ASSETS</b>			<u><u><b>27,502,842</b></u></u>		<u><u>17,342,261</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	20	<b>1,539,617</b>		1,273,810	
Fixed asset funds	20	<b>26,200,457</b>		16,874,251	
			<u><b>27,740,074</b></u>	<u>18,148,061</u>	
Restricted funds excluding pension liability					
Pension reserve		<b>(1,846,000)</b>		<b>(1,248,000)</b>	
			<u><b>25,894,074</b></u>	<u>16,900,061</u>	
Total restricted funds			<u><b>25,894,074</b></u>		<u>16,900,061</u>
Unrestricted funds	20		<u><b>1,608,768</b></u>		<u>442,200</u>
<b>TOTAL FUNDS</b>			<u><u><b>27,502,842</b></u></u>		<u><u>17,342,261</u></u>

The financial statements on pages 22 to 51 were approved by the Trustees, and authorised for issue, on 7 December 2018 and are signed on their behalf, by:

**Mr A Williams**  
Chair of Trustees

**Mr W Miners**  
Headteacher

The notes on pages 25 to 51 form part of these financial statements.

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

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

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	<u>10,766,333</u>	<u>617,067</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		2,273	8,419
Proceeds from the sale of tangible fixed assets		-	3,100,000
Purchase of tangible fixed assets		(2,378,729)	(733,027)
Capital grants from DfE Group		62,887	275,123
Transferred on conversion		(10,001,011)	-
<b>Net cash (used in)/provided by investing activities</b>		<u>(12,314,580)</u>	<u>2,650,515</u>
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		<u>5,041,748</u>	<u>1,774,166</u>
<b>Cash and cash equivalents carried forward</b>	23	<u><u>3,493,501</u></u>	<u><u>5,041,748</u></u>

The notes on pages 25 to 51 form part of these financial statements.

## **1. ACCOUNTING POLICIES**

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

### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Falmouth MAT constitutes a public benefit entity as defined by FRS 102.

### **1.2 GOING CONCERN**

The Trustees assess whether the use of Going Concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the Going Concern basis of accounting in preparing the financial statements.

### **1.3 INCOME**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations are recognised on a receivable basis (where there are no performance-related conditions), where receipt is probable and it 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 Academy Trust has provided the goods and services.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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
Assets under construction	-	N/A

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 OPERATING LEASES**

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

**1.7 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

**1.8 INTEREST RECEIVABLE**

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

**1.9 TAXATION**

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

**1.10 DEBTORS**

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

**1.11 CASH AT BANK AND IN HAND**

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

**1.12 LIABILITIES AND PROVISIONS**

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

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

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1. ACCOUNTING POLICIES (continued)

1.13 FINANCIAL INSTRUMENTS

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to net income / expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.15 FUND ACCOUNTING**

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

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

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

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

**1.16 CONVERSION TO AN ACADEMY TRUST**

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

The assets and liabilities transferred on conversion from King Charles and St Francis CofE Primary Schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

**1.17 AGENCY ARRANGEMENTS**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The funds received, paid and any balances held at the year end are disclosed in note 29 .

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

1. ACCOUNTING POLICIES (continued)

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgment:

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion	686,910	(731,000)	10,021,337	9,977,247	-
Donations	493	3,100	-	3,593	1,796
Capital Grants	-	-	62,887	62,887	289,657
Grants	-	-	12,841	12,841	226,825
Subtotal	493	3,100	75,728	79,321	518,278
	<b>687,403</b>	<b>(727,900)</b>	<b>10,097,065</b>	<b>10,056,568</b>	518,278
Total 2017	1,796	-	516,482	518,278	



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

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	168,316	8,178,817	8,347,133	4,940,065
Nursery	81,382	-	81,382	-
	<u>249,698</u>	<u>8,178,817</u>	<u>8,428,515</u>	<u>4,940,065</u>
Total 2017	<u>72,060</u>	<u>4,868,005</u>	<u>4,940,065</u>	

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	7,314,544	7,314,544	4,499,521
Other DfE Group grants	-	557,425	557,425	211,854
Other capital grants	-	121,016	121,016	-
	<u>-</u>	<u>7,992,985</u>	<u>7,992,985</u>	<u>4,711,375</u>
<b>Other Government grants</b>				
High Needs	-	6,000	6,000	6,000
Local authority grants	-	70,576	70,576	67,121
	<u>-</u>	<u>76,576</u>	<u>76,576</u>	<u>73,121</u>
<b>Other funding</b>				
Income for hosting trainee teachers	20,525	-	20,525	12,875
Sales to students	5,084	-	5,084	6,690
Other	142,707	109,256	251,963	136,004
	<u>168,316</u>	<u>109,256</u>	<u>277,572</u>	<u>155,569</u>
	<u>168,316</u>	<u>8,178,817</u>	<u>8,347,133</u>	<u>4,940,065</u>
Total 2017	<u>72,060</u>	<u>4,868,005</u>	<u>4,940,065</u>	

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**FOR THE YEAR ENDED 31 AUGUST 2018**

**4. OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Lettings	35,162	-	35,162	29,509
Copy shop	105	-	105	133
	<u>35,267</u>	<u>-</u>	<u>35,267</u>	<u>29,642</u>
Total 2017	<u>29,642</u>	<u>-</u>	<u>29,642</u>	

**5. INVESTMENT INCOME**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Bank interest	2,273	-	2,273	8,419
Total 2017	<u>8,419</u>	<u>-</u>	<u>8,419</u>	

**6. OTHER INCOMING RESOURCES**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Gain on disposal of fixed assets	-	-	-	2,854,965
Total 2017	<u>-</u>	<u>2,854,965</u>	<u>2,854,965</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					13,734
Direct costs	-	-	2,233	2,233	-
Support costs	-	-	-	-	-
Education:					
Direct costs	5,645,848	553,160	564,845	6,763,853	3,939,187
Support costs	776,251	849,937	416,505	2,042,693	1,088,292
Nursery:					
Direct costs	70,380	-	-	70,380	-
Support costs	-	1,883	-	1,883	-
	<u>6,492,479</u>	<u>1,404,980</u>	<u>983,583</u>	<u>8,881,042</u>	<u>5,041,213</u>
Total 2017	<u>3,646,851</u>	<u>708,827</u>	<u>685,535</u>	<u>5,041,213</u>	

**8. DIRECT COSTS**

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	38,500	-	38,500	25,000
Educational supplies	252,664	-	252,664	209,243
Examination fees	96,294	-	96,294	82,674
Staff development	17,655	-	17,655	7,878
Other costs	159,058	-	159,058	74,661
Supply teachers	80,184	-	80,184	11,571
Educational consultancy	675	-	675	-
Wages and salaries	4,309,227	57,207	4,366,434	2,506,757
National insurance	403,622	3,245	406,867	252,149
Pension cost	852,814	9,928	862,742	459,426
Depreciation	553,160	-	553,160	309,828
	<u>6,763,853</u>	<u>70,380</u>	<u>6,834,233</u>	<u>3,939,187</u>
Total 2017	<u>3,939,187</u>	<u>-</u>	<u>3,939,187</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. SUPPORT COSTS**

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	16,500	-	16,500	11,000
Other costs	43,194	-	43,194	-
Supply staff	5,136	-	5,136	-
Recruitment and support	7,799	-	7,799	5,249
Maintenance of premises and equipment	155,054	-	155,054	70,625
Cleaning	246,507	-	246,507	159,378
Rent and rates	82,761	1,883	84,644	37,370
Energy costs	118,468	-	118,468	80,468
Insurance	89,519	-	89,519	21,977
Security and transport	50,590	-	50,590	27,747
Catering	155,319	-	155,319	38,943
Technology costs	90,959	-	90,959	56,037
Office overheads	44,207	-	44,207	25,437
Legal and professional	62,926	-	62,926	84,161
Bank interest and charges	192	-	192	94
PFI charges	6,841	-	6,841	-
Governance	24,781	-	24,781	8,625
Wages and salaries	529,305	-	529,305	294,635
National insurance	37,326	-	37,326	21,777
Pension cost	204,484	-	204,484	103,367
Depreciation	70,825	-	70,825	41,402
	<u>2,042,693</u>	<u>1,883</u>	<u>2,044,576</u>	<u>1,088,292</u>
Total 2017	<u>1,088,292</u>	<u>-</u>	<u>1,088,292</u>	

**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	623,985	335,294
Auditors' remuneration - audit	3,100	3,100
Auditors' remuneration - other services	11,280	8,535
Internal audit costs	-	975
Operating lease rentals	52,332	22,795
	<u>690,697</u>	<u>370,701</u>

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

**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	<b>2018</b>	2017
	£	£
Wages and salaries	<b>4,856,489</b>	2,801,392
Social security costs	<b>444,193</b>	273,926
Pension costs	<b>1,067,227</b>	562,793
	<b>6,367,909</b>	3,638,111
Agency staff costs	<b>85,320</b>	8,740
Staff restructuring costs	<b>39,250</b>	-
	<b>6,492,479</b>	3,646,851

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

During the year severance payments totalling £39,250 (2017: £Nil) were paid to 4 employees.

**c. Staff numbers**

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

	<b>2018</b>	2017
	No.	No.
Teachers	<b>84</b>	63
Administration and education support	<b>112</b>	56
Management	<b>14</b>	8
	<b>210</b>	127

Average headcount expressed as a full time equivalent:

	<b>2018</b>	2017
	No.	No.
Teachers	<b>74</b>	56
Administration and education support	<b>65</b>	25
Management	<b>14</b>	6
	<b>153</b>	87

**d. Higher paid staff**

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

	<b>2018</b>	2017
	No.	No.
In the band £60,001 - £70,000	<b>1</b>	1
In the band £70,001 - £80,000	<b>1</b>	0
In the band £80,001 - £90,000	<b>1</b>	1
In the band £120,001 - £130,000	<b>1</b>	0

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

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**11. STAFF COSTS (continued)**

Contributions to pension schemes in respect of the above staff members during the year were £51,218 (2017: £25,490).

**e. Key management personnel**

The key management personnel of the MAT comprise the trustees and the Strategic MAT Team listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy was £335,941 (2017: £551,412).

**12. CENTRAL SERVICES**

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

- Finance and HR
- IT services
- Premises

The Academy Trust charges for these services on the following basis:

5% of the academy's GAG income is charged as a contribution to the central costs.

The actual amounts charged during the year were as follows:

	<b>2018</b>	2017
	<b>£</b>	£
Falmouth School	<b>218,460</b>	-
King Charles Primary	<b>72,710</b>	-
St Francis CofE Primary	<b>73,117</b>	-
	<hr/> <b>364,287</b>	<hr/>
Total	<hr/> <b>364,287</b>	<hr/> <hr/>

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

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**13. TRUSTEES' REMUNERATION AND EXPENSES**

During 2017 staff Trustees had been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. During the year no Trustees received remuneration as all staff Trustees resigned in their capacity as Trustees. The value of Trustees' remuneration in 2017 and other benefits was as follows:

		<b>2018</b>	2017
		<b>£</b>	£
Mr A D George, Staff Governor	Remuneration		65,000-70,000
	Pension contributions paid		10,000-15,000
Mrs P M Iles, Staff Governor	Remuneration		50,000-55,000
	Pension contributions paid		5,000-10,000
Mr W B Miners, Headteacher	Remuneration		85,000-90,000
	Pension contributions paid		10,000-15,000
Mr S G Moore, Staff Governor	Remuneration		40,000-45,000
	Pension contributions paid		5,000-10,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £187 to 2 Trustees).

**14. 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 2018 was £896 (2017: £1,362).

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

**15. TANGIBLE FIXED ASSETS**

	Leasehold property £	Office equipment £	Computer equipment £	Assets under construction £	Total £
<b>COST</b>					
At 1 September 2017	15,074,752	549,666	205,925	319,065	16,149,408
Additions	153,721	1,701	3,672	2,219,635	2,378,729
Transferred on conversion	9,616,631	213,013	171,367	-	10,001,011
	<u>24,845,104</u>	<u>764,380</u>	<u>380,964</u>	<u>2,538,700</u>	<u>28,529,148</u>
<b>DEPRECIATION</b>					
At 1 September 2017	1,618,504	458,299	200,466	-	2,277,269
Charge for the year	473,732	87,031	63,222	-	623,985
	<u>2,092,236</u>	<u>545,330</u>	<u>263,688</u>	<u>-</u>	<u>2,901,254</u>
<b>NET BOOK VALUE</b>					
At 31 August 2018	<u>22,752,868</u>	<u>219,050</u>	<u>117,276</u>	<u>2,538,700</u>	<u>25,627,894</u>
At 31 August 2017	<u>13,456,248</u>	<u>91,367</u>	<u>5,459</u>	<u>319,065</u>	<u>13,872,139</u>

**16. STOCKS**

	2018 £	2017 £
Educational materials	<u>11,322</u>	<u>19,269</u>

**17. DEBTORS**

	2018 £	2017 £
Trade debtors	156,918	1,535
VAT debtor	748,153	35,986
Prepayments and accrued income	124,261	189,285
	<u>1,029,332</u>	<u>226,806</u>



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

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	2017
	<b>£</b>	£
Trade creditors	<b>321,386</b>	56,823
Other taxation and social security	<b>107,477</b>	66,013
Other creditors	<b>123,867</b>	24,203
Accruals and deferred income	<b>260,477</b>	422,662
	<u><b>813,207</b></u>	<u>569,701</u>
	<u><b>2018</b></u>	<u>2017</u>
	<u><b>£</b></u>	<u>£</u>
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	<b>117,467</b>	147,352
Resources deferred during the year	-	117,467
Amounts released from previous years	-	(147,352)
	<u><b>117,467</b></u>	<u>117,467</u>

At the balance sheet date the Academy was holding PFI funds received in advance totalling £117,467 (2017: £117,467).

**19. FINANCIAL INSTRUMENTS**

	<b>2018</b>	2017
	<b>£</b>	£
Financial assets measured at amortised cost	<b>241,182</b>	124,814
Financial liabilities measured at amortised cost	<b>532,033</b>	427,381

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

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

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

**20. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	442,200	974,641	(74,495)	(408,578)	-	933,768
Funds earmarked for school improvement	-	-	-	675,000	-	675,000
	<u>442,200</u>	<u>974,641</u>	<u>(74,495)</u>	<u>266,422</u>	<u>-</u>	<u>1,608,768</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	1,228,564	7,314,544	(7,159,424)	44,627	-	1,428,311
Pupil premium	-	387,689	(387,689)	-	-	-
UIFSM	-	120,957	(120,957)	-	-	-
Jeffrey Governors	10,066	-	(5)	-	-	10,061
Other restricted funds	18,645	237,711	(228,487)	6,841	-	34,710
Other Private fund	100	-	-	-	-	100
SouthShore	16,435	-	-	-	-	16,435
SEN TA reserve	-	50,000	-	-	-	50,000
Academy conversion	-	50,000	-	(50,000)	-	-
Pension reserve	(1,248,000)	(831,000)	(286,000)	-	519,000	(1,846,000)
	<u>25,810</u>	<u>7,329,901</u>	<u>(8,182,562)</u>	<u>1,468</u>	<u>519,000</u>	<u>(306,383)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	10,921,829	10,001,011	(521,841)	(230,498)	-	20,170,501
Fixed assets purchased from GAG and other restricted funds	100,223	-	(59,280)	77,639	-	118,582
Fixed assets purchased from DFC	76,640	11,574	(1,919)	(256)	-	86,039
DFC unspent	153,179	77,639	-	256	-	231,074
Fixed assets purchased from CIF	115,751	-	(5,210)	142,402	-	252,943
CIF unspent	151,558	-	-	(142,402)	-	9,156
Fixed assets purchased from PFI	1,645,334	6,841	(35,735)	(97,484)	-	1,518,956
Sports Hub Development	1,173,837	121,016	-	2,068,554	-	3,363,407
Funds committed to Sports Development Hub	2,535,900	-	-	(2,086,101)	-	449,799
	<u>16,874,251</u>	<u>10,218,081</u>	<u>(623,985)</u>	<u>(267,890)</u>	<u>-</u>	<u>26,200,457</u>
Total restricted funds	<u>16,900,061</u>	<u>17,547,982</u>	<u>(8,806,547)</u>	<u>(266,422)</u>	<u>519,000</u>	<u>25,894,074</u>
Total of funds	<u>17,342,261</u>	<u>18,522,623</u>	<u>(8,881,042)</u>	<u>-</u>	<u>519,000</u>	<u>27,502,842</u>

**20. STATEMENT OF FUNDS (continued)**

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

**Unrestricted Funds**

At the year end, the Trustees earmarked £675,000 towards school improvement work to be carried out.

**Restricted Funds**

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

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

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

**Fixed Asset Funds**

Fixed assets transferred on conversion - This represents 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 DFC - 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.

Sports Hub Development - This fund was set up in 2014 following the Trustees decision to develop a new Sports Hub for the Academy Trust. The funds have been released following the purchase of the former Budock Hospital site. As at the year end a balance of £449,799 was held as funds committed for the Sports Hub Development as noted on the funds analysis note.

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.

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

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**20. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Falmouth School	<b>2,137,922</b>	1,716,010
King Charles Primary	<b>537,487</b>	-
St Francis CofE Primary	<b>416,664</b>	-
Shared Services	<b>56,312</b>	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>3,148,385</b>	1,716,010
Restricted fixed asset fund	<b>26,200,457</b>	16,874,251
Pension reserve	<b>(1,846,000)</b>	(1,248,000)
	<hr/>	<hr/>
Total	<b>27,502,842</b>	17,342,261
	<hr/> <hr/>	<hr/> <hr/>

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Falmouth School	<b>3,259,393</b>	<b>460,835</b>	<b>356,556</b>	<b>513,337</b>	<b>4,590,121</b>	4,689,983
King Charles Primary	<b>1,171,194</b>	<b>106,391</b>	<b>140,009</b>	<b>355,747</b>	<b>1,773,341</b>	-
St Francis CofE Primary	<b>1,044,456</b>	<b>134,482</b>	<b>114,114</b>	<b>314,542</b>	<b>1,607,594</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>5,475,043</b>	<b>701,708</b>	<b>610,679</b>	<b>1,183,626</b>	<b>7,971,056</b>	4,689,983
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF FUNDS - PRIOR YEAR**

	<b>Balance at 1 September 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 August 2017 £</b>
<b>GENERAL FUNDS</b>						
General funds	344,016	111,917	(13,733)	-	-	442,200
Funds earmarked for school improvement	100,000	-	(104,874)	4,874	-	-
	824,772	-	-	(824,772)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,268,788</b>	<b>111,917</b>	<b>(118,607)</b>	<b>(819,898)</b>	<b>-</b>	<b>442,200</b>
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

General Annual Grant (GAG)	824,772	4,499,521	(4,083,411)	(12,318)	-	1,228,564
Pupil premium	-	211,854	(211,854)	-	-	-
	-	73,121	(73,121)	-	-	-
Jeffrey Governors	10,066	-	-	-	-	10,066
Other restricted funds	16,506	83,509	(82,376)	1,006	-	18,645
Other Private fund	100	-	-	-	-	100
SouthShore	15,611	-	(5,614)	6,438	-	16,435
Pension reserve	(1,745,000)	-	(115,000)	-	612,000	(1,248,000)
	<u>(877,945)</u>	<u>4,868,005</u>	<u>(4,571,376)</u>	<u>(4,874)</u>	<u>612,000</u>	<u>25,810</u>

**RESTRICTED FIXED ASSET FUNDS**

Fixed assets transferred on conversion	11,164,702	-	(242,873)	-	-	10,921,829
Fixed assets purchased from GAG and other restricted funds	168,006	-	(67,783)	-	-	100,223
Fixed assets purchased from DFC	79,116	-	(2,476)	-	-	76,640
DFC unspent	133,193	19,986	-	-	-	153,179
Fixed assets purchased from CIF	-	118,113	(2,362)	-	-	115,751
CIF unspent	-	151,558	-	-	-	151,558
Fixed assets purchased from PFI	1,484,245	196,825	(35,736)	-	-	1,645,334
Sports Hub Development Funds committed to Sports Development Hub	-	30,000	-	1,143,837	-	1,173,837
	-	2,854,965	-	(319,065)	-	2,535,900
	<u>13,029,262</u>	<u>3,371,447</u>	<u>(351,230)</u>	<u>824,772</u>	<u>-</u>	<u>16,874,251</u>
Total restricted funds	<u>12,151,317</u>	<u>8,239,452</u>	<u>(4,922,606)</u>	<u>819,898</u>	<u>612,000</u>	<u>16,900,061</u>
Total of funds	<u>13,420,105</u>	<u>8,351,369</u>	<u>(5,041,213)</u>	<u>-</u>	<u>612,000</u>	<u>17,342,261</u>

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**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	25,627,894	25,627,894
Current assets	2,304,507	1,539,617	690,030	4,534,154
Creditors due within one year	(695,739)	-	(117,467)	(813,206)
Pension scheme liability	-	(1,846,000)	-	(1,846,000)
	<u>1,608,768</u>	<u>(306,383)</u>	<u>26,200,457</u>	<u>27,502,842</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	26,287	-	13,845,852	13,872,139
Current assets	868,146	1,273,810	3,145,867	5,287,823
Creditors due within one year	(452,233)	-	(117,468)	(569,701)
Pension scheme liability	-	(1,248,000)	-	(1,248,000)
	<u>442,200</u>	<u>25,810</u>	<u>16,874,251</u>	<u>17,342,261</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	<b>9,641,581</b>	3,310,156
<b>Adjustment for:</b>		
Depreciation charges	<b>623,985</b>	351,230
Dividends, interest and rents from investments	<b>(2,273)</b>	(8,419)
Profit on the sale of fixed assets	-	(2,854,966)
Decrease in stocks	<b>7,947</b>	824
Increase in debtors	<b>(802,526)</b>	(35,401)
Increase in creditors	<b>243,506</b>	28,300
Capital grants from DfE and other capital income	<b>(62,887)</b>	(289,657)
Defined benefit pension scheme obligation inherited	<b>831,000</b>	-
Defined benefit pension scheme cost less contributions payable	<b>231,000</b>	79,000
Defined benefit pension scheme finance cost	<b>55,000</b>	36,000
<b>Net cash provided by operating activities</b>	<u><b>10,766,333</b></u>	<u>617,067</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash at bank and in hand	3,043,702	2,354,290
Unspent capital funds/earmarked funds	449,799	2,687,458
	<u>3,493,501</u>	<u>5,041,748</u>

**24. CAPITAL COMMITMENTS**

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

	2018 £	2017 £
Contracted for but not provided in these financial statements	449,800	-

**25. PENSION COMMITMENTS**

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

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

Contributions amounting to £98,413 were payable to the schemes at 31 August 2018 (2017: nil) and are included within creditors.

**25. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £564,524 (2017: £347,000).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £344,285 (2017: £185,000), of which employer's contributions totalled £271,308 (2017: £148,000) and employees' contributions totalled £72,977 (2017: £37,000). The agreed contribution rates for future years are 20.9% for employers and 5.5% - 7.5% for employees.



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**25. 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.

Principal actuarial assumptions:

	<b>2018</b>	2017
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>2.50 %</b>	2.50 %
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	2.40 %

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

	<b>2018</b>	2017
Retiring today		
Males	<b>22.1</b>	22.1
Females	<b>24.5</b>	24.5
Retiring in 20 years		
Males	<b>24.0</b>	24.0
Females	<b>26.4</b>	26.4

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

	<b>Fair value at 31 August 2018 £</b>	Fair value at 31 August 2017 £
Equities	<b>1,938,000</b>	1,157,000
Bonds	<b>1,701,000</b>	1,058,000
Property	<b>277,000</b>	172,000
Cash	<b>40,000</b>	74,000
Total market value of assets	<b><u>3,956,000</u></b>	<u>2,461,000</u>

The actual return on scheme assets was £104,000 (2017: £17,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2018 £</b>	2017 £
Current service cost	<b>(502,000)</b>	(227,000)
Interest income	<b>90,000</b>	46,000
Interest cost	<b>(145,000)</b>	(82,000)
Total	<b><u>(557,000)</u></b>	<u>(263,000)</u>

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**25. PENSION COMMITMENTS (continued)**

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

	<b>2018</b>	2017
	£	£
Opening defined benefit obligation	<b>3,709,000</b>	4,000,000
Upon conversion	<b>1,824,000</b>	-
Current service cost	<b>502,000</b>	227,000
Interest cost	<b>145,000</b>	82,000
Employee contributions	<b>73,000</b>	37,000
Actuarial gains	<b>(415,000)</b>	(595,000)
Benefits paid	<b>(36,000)</b>	(42,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>5,802,000</b>	3,709,000
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2018</b>	2017
	£	£
Opening fair value of scheme assets	<b>2,461,000</b>	2,255,000
Upon conversion	<b>993,000</b>	-
Interest income	<b>90,000</b>	46,000
Actuarial losses	<b>104,000</b>	17,000
Employer contributions	<b>271,000</b>	148,000
Employee contributions	<b>73,000</b>	37,000
Benefits paid	<b>(36,000)</b>	(42,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>3,956,000</b>	2,461,000
	<hr/> <hr/>	<hr/> <hr/>

**26. OPERATING LEASE COMMITMENTS**

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

	<b>2018</b>	2017
	£	£
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	<b>52,505</b>	36,215
Between 1 and 5 years	<b>71,525</b>	84,413
	<hr/>	<hr/>
Total	<b>124,030</b>	120,628
	<hr/> <hr/>	<hr/> <hr/>

**27. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2017 King Charles Primary School and St Francis CofE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Falmouth MAT from Cornwall Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. CONVERSION TO AN ACADEMY TRUST (continued)**

incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	9,616,631	9,616,631
- Other tangible fixed assets	-	-	384,380	384,380
Budget surplus on LA funds	686,914	100,000	-	786,914
Budget surplus on other school funds	-	-	20,326	20,326
LGPS pension (deficit)	-	(831,000)	-	(831,000)
	<u>686,914</u>	<u>(831,000)</u>	<u>-</u>	<u>(144,086)</u>
Net assets/(liabilities)	<u>686,914</u>	<u>(731,000)</u>	<u>10,021,337</u>	<u>9,977,251</u>

**KING CHARLES PRIMARY SCHOOL**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	4,039,757	4,039,757
- Other tangible fixed assets	-	-	164,095	164,095
Other assets	-	-	-	-
Budget surplus on LA funds	394,985	50,000	-	444,985
Budget surplus on other school funds	-	-	20,326	20,326
LGPS pension (deficit)	-	(415,500)	-	(415,500)
	<u>394,985</u>	<u>(365,500)</u>	<u>4,224,178</u>	<u>4,253,663</u>
Net assets/(liabilities)	<u>394,985</u>	<u>(365,500)</u>	<u>4,224,178</u>	<u>4,253,663</u>

The above net assets/(liabilities) include £93,638 that were transferred as cash.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**ST FRANCIS CofE PRIMARY SCHOOL**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	5,576,874	5,576,874
- Other tangible fixed assets	-	-	220,285	220,285
Other assets	-	-	-	-
Budget surplus on LA funds	291,929	50,000	-	341,929
LGPS pension (deficit)	-	(415,500)	-	(415,500)
	<u>291,929</u>	<u>(365,500)</u>	<u>5,797,159</u>	<u>5,723,588</u>
Net assets/(liabilities)	<u>291,929</u>	<u>(365,500)</u>	<u>5,797,159</u>	<u>5,723,588</u>

The above net assets/liabilities include £8,894 that were transferred as cash.

**28. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

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.

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

**29. AGENCY ARRANGEMENTS**

The Academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting year ending 31 August 2018 the Academy received £23,709 and dispersed £22,983 from the fund. An amount of £24,244 (2017: £23,518) is included in other creditors relating to undistributed funds that is repayable to the ESFA.

**30. GENERAL INFORMATION**

Falmouth MAT is a private company, limited by shares, domiciled in England and Wales, registration number 07695977. The registered office is Trescobeas Road, Falmouth, Cornwall, TR11 4LH.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**31. MEMBERS' LIABILITY**

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