

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

| | Page |
|---|---------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 14 |
| Governance statement | 15 - 19 |
| Statement on regularity, propriety and compliance | 20 |
| Statement of Trustees' responsibilities | 21 |
| Independent auditors' report on the financial statements | 22 - 23 |
| Independent reporting accountant's assurance report on regularity | 24 - 25 |
| Statement of financial activities incorporating income and expenditure account | 26 |
| Balance sheet | 27 |
| Statement of cash flows | 28 |
| Notes to the financial statements | 29 - 50 |

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | |
|-----------------|--|
| Members | C Parsons (resigned 21 September 2015) P Crispin J White E Marshall (appointed 21 September 2015) |
| Trustees | J Jackson ^{1,2,3} C Parsons (resigned 29 February 2016) ³ S Bridgman (resigned 29 February 2016) ³ C Tyler (resigned 29 February 2016) ³ P Crispin (resigned 29 February 2016) ² J White (resigned 29 February 2016) ¹ E Marshall ¹ C Webb ¹ A Counsell (resigned 29 February 2016) ² N Hawke (resigned 29 February 2016) ³ A Slater (resigned 29 February 2016) ² I Graham ¹ C Bateman (resigned 29 February 2016) ² T Broad (appointed 1 March 2016) ¹ D Humphries (appointed 1 March 2016) H Reilly (appointed 20 September 2015, resigned 29 February 2016) |

- ¹ Finance
- ² Curriculum
- ³ Building and sites

| | |
|--|--|
| Company registered number | 08150106 |
| Company name | Launceston College |
| Principal and registered office | Hurdon Road Launceston Cornwall PL15 9JR |
| Company secretary | T Broad |
| Accounting officer | J Jackson |
| Senior management team | J Jackson, Executive Principal* B Maywood, Principal - Launceston* L Kane, Principal - Bideford* C Penfold, Quality Assurance* T Broad, Finance Director* L Slater, Assistant Principal - Launceston L Rash, Assistant Principal - Launceston J Stanlake, Assistant Principal - Launceston M Adams, Assistant Principal - Launceston A Jewell, Assistant Principal - Bideford R Vowles, Assistant Principal - Bideford B Butt, Assistant Principal - Bideford K French, Assistant Principal - Bideford C Ankers, Assistant Principal - Bideford |

* Key Management Personnel for the purpose of disclosure in the accounts

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

| | |
|-----------------------------|--|
| Independent auditors | Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS |
| Bankers | Natwest Third Floor Penhaligon House Green Street Truro Cornwall TR1 2LH |
| Solicitors | Browne Jacobson 1 Manor Court Dix's Field Exeter Devon EX1 1UP |

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 secondary academies for pupils aged 11 to 19 in Cornwall and Devon. Launceston College has a pupil capacity of 1,385 and had a roll of 1,221 in the school census during October 2015. Bideford College has a pupil capacity of 2,232 and joined the Launceston College Multi Academy Trust (MAT) on 1st of March 2016 with a roll of 1,407.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The MAT 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 MAT.

The Trustees of Launceston College MAT are also the directors of the Charitable Company for the purposes of company law.

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

Members' Liability

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

Trustees' Indemnities

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

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Multi Academy Trust's Board of Trustees comprises of the Chief Executive Officer (CEO), a minimum of two parent trustees and up to six other trustees.

The chair of each local governing body is also a trustee of the MAT board, along with the Finance Director. The other five trustees are appointed via an election process. The total number of Trustees, including the CEO, who are employees of the MAT will not exceed one third of the total number of Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the CEO or Finance Director. 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 MAT has a Governors Handbook, which is made available to all Trustees and local governors.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour 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 one or two 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' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

There is a Trustees' development evening each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets four times per year and at least once each term. The Board establishes an overall framework for the governance of the Trust 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.

There is currently one committee which is the Finance and Assets Committee. This committee meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee and evaluates and reviews policy and performance in relation to the MAT's assets.

Each individual academy also has a local governing body who meet once a term to monitor, evaluate and review policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues in their academy.

The responsibilities delegated by the MAT board are defined in the Scheme of Delegation and the Scheme of Financial Delegation.

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the academies to the Executive Principal, Quality Assurance Lead, Finance Director and Academy Leadership Teams (ALT). ALT comprises the Principal and Assistant Principals. The ALT implement the policies laid down by the Trustees and report back to them on performance.

The Executive Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team of the MAT (as indicated on page 1) 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 based on the nationally negotiated School Teachers' Pay and Conditions Document.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Launceston College Multi Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the MAT.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The MAT aim is for young people to be happy, successful and responsible by learning the knowledge skills and values that are important for society.

Objectives, Strategies and Activities - Launceston College

Key priorities for the year are contained in our Improvement and Development Plan for 2015-2016, which had three strategic aims:

Strategic Aim 1: Develop learning, curriculum and assessment across the College to heighten engagement and inspiration and so achieve outstanding outcomes

Key priorities:

Progress

- All faculties to have clear assessment and progression routes covering Years 7-11, which are accessible to students and parents
- Progress is mapped, against student "flight paths", through regular and rigorous assessment and feedback from teachers
- Students actively engage in improvements by acting on feedback
- Curriculum design ensures pupils meet Progress 8 criteria

Intervention

- Key groups identified for each faculty and year group, reviewed when new data is available (eg difference by gender, ability, pupil premium)
- Faculties and House staff plan to narrow the gap in attainment for pupils within these key groups
- Intervention strategies, at all levels, are planned, regular and timely, meeting pupil needs and enabling them to meet their target grades. Progress is monitored to ensure intervention is effective.

Literacy

- Identification and planning of strategies to help improve standards of literacy within the Faculty and in collaboration across the College.
- Additional support and/or training needs required, as a Faculty or individuals, in order to be able to develop and support student literacy.
- Faculties identify needs relating to exam and assessment literacy, and ensure these are met.

Strategic Aim 2 Raising attainment at Key Stage 5

Key priorities:

Curriculum

- Schemes of learning and resources for new A level specifications to be in place for teaching from September 2015.
- Faculties to identify training needs required in relation to delivery and assessment of new specifications.

Progress

- All faculties to have clear strategies for effective assessment and feedback which enable accurate monitoring of individual progress and are accessible to students and parents
- Progress is mapped through regular and rigorous assessment and regular effective feedback from teachers
- Students actively engage in improvements by acting on feedback

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Intervention

- Key students and groups of students are identified by each faculty and reviewed when new data is available (eg difference by gender, ability, social, cultural and economic circumstances)
- Intervention strategies, at all levels, are planned, regular and timely, meeting student needs and enabling them to meet their target grades. Progress is monitored to ensure intervention is effective.

Literacy

- Identification and planning of strategies to help improve standards of literacy within the Faculty and in collaboration across the College.
- Additional support and/or training needs required, as a Faculty or individuals, in order to be able to develop and support student literacy.
- Faculties identify needs relating to exam and assessment literacy, and ensure these are met.

Strategic Aim 3 Developing teaching & learning

Key priorities:

(a)

- (i) Improve the quality and consistency of marking and feedback
- (ii) There will be a whole school evaluation and debate as to whether there should be a range of different systems operating at the College or if some standardisation is necessary.

(b) Provide opportunities for teachers to deepen pedagogical knowledge by engaging with one or more of the following:

- Launceston College Leadership Development Programme
- Launceston College Outstanding Teacher Programme
- Adventure Learning Teacher Development Programme
- Royal Shakespeare Company Teacher Development
- Planned subject specific development programmes eg. in mathematics with the Collaborative Connected Classroom model
- Cover supervisor/Unqualified teacher Development Programme
- Masters level research
- Prince's Teaching Institute Programmes
- Small Scale Action Research Projects

Strategic Aim 4 Increase opportunities for all in the College community to be aware of, engaged in and appreciative of the College's diverse and special offer.

Key priorities

These opportunities are aimed at:

- Students
- Parents
- Community members and groups

There are many events, learning experiences and opportunities which some enjoy; we wish to aim for both the opportunities and the number of those involved to be greater. Current good examples amongst many include: Sports Day, Senior Citizen's party and Humanities Awards at the Town Hall

This might be achieved by:

- Utilizing College expertise to offer courses and events for parents to develop skills and qualifications e.g.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- GCSE maths or “Baking at home with your child” or “Reading with dads’ evening”
- Providing and inviting parents and the local community members with more opportunities to see students at work and in performance e.g. Open morning in MFL lessons; End of scheme of learning presentation for parents; as per the Expressive Arts Friday Shakespeare play performances in Learn to Learn week
- Ensuring all students are involved in something special e.g. Ten Tors, hosting at parents evening, performing in carol concert, touring primaries with RSC stimulated short plays or poetry etc.
- Increasing student led groups/societies e.g. Debating society;
- Involving parents and community members in delivering or sharing expertise e.g. Lectures, talks or workshops
- Developing the use of the College website and technologies to share news and successes more frequently including an effective VLE and a mobile phone app(lication)

Objectives, Strategies and Activities - Bideford College

1. To secure outstanding leadership and management consistently across the college.
 - Develop the ability of the Extended Leadership Team to lead change.
 - Improve systems management across the college.
 - Ensure Behaviour Management System is being used consistently across the College.
 - Introduce an effective Communications Policy.
 - Improve impact of Student Voice across the College.
 - Develop an effective Vocational Curriculum, which is fit for purpose.
2. To improve the quality of teaching and learning
Ensure consistently high levels of challenge and engagement for all in every lesson, including the 6th form.
 - Ensure that all students benefit from ‘deep’ learning in all subjects.
 - Develop high quality KS3 Schemes of Learning which build on the learning from Primary School and on prior learning in KS3.
 - To deepen and extend learning via high quality Homework.
 - Ensure that marking and written feedback provides precise guidance to enable students to know exactly what they need to do to improve their work.
 - Improve pedagogy consistent with the MAT’s Teaching and Learning policy and using the new CPD strands.
 - Introduce the Outstanding Teacher Programme
3. To increase the effective use of assessment
 - Ensure that assessment is routinely and consistently used diagnostically to inform planning.
 - Develop a robust system of assessment and reporting to replace national curriculum levels at KS3 and GCSE grades from letters to numbers - linked to flight paths.
4. To improve learning practices
 - Create an ethos of ownership of students’ own learning, where students respond well to challenge and are resilient.
 - Reinforce a culture in which doing your best and high achievement is the norm.
 - Reinforce a culture where the students are supportive of one another and proud of their college.
5. To improve attendance
 - Ensure that the whole college attendance rate is above 96%
6. To equip students well for life
 - Develop a comprehensive CEIAG programme for all ages, including the development of employability skills.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

7. To raise achievement and improve rates of progress
- Improve the accuracy of teachers' professional judgements when predicting grades
 - Improve progress in EBacc subjects
 - Set aspirational targets across the College.
 - To address the gender gap across the college; particularly the progress made by boys in English and progress made by girls in maths.
 - To increase the progress made by students in the low prior attainment band across the college, particularly subjects in the open P8 slots.
 - To close the 'gap' between the level of progress of students in receipt of pupil premium and their peers particularly in the open P8 slots and in languages.
 - To increase the progress of SEND students, particularly in the open P8 slots
8. To improve the performance of all groups of students, ensuring all achieve at least their target grades
- Ensure all students with a high KS2 score and high average GCSE scores make more than expected progress from their starting points- a positive Progress 8 score.
 - Increase the proportion of students gaining 8-9 grades at GCSE.
9. To increase student recruitment and retention
- Increase student recruitment into Year 6 and 12.
 - Widely promote and share the success of the College via all forms of media

STRATEGIC REPORT

Achievements and Performance - Launceston College

Ofsted in 2016 agreed that Launceston College continues to be a good school. Behaviour is outstanding. The sixth form is good and Leadership and management of the sixth form are strong. The outstanding curriculum, both in the sixth form and the main school, enables students to make good progress. Students achieve well and achievement has been enhanced by improvements to the curriculum. The provision of vocational options has significantly boosted the employability of our students.

GCSE results in 2016 with an average ability cohort continue to build on the progress made in 2014.

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-------------------------------|------|------|------|------|------|------|------|------|
| Cohort | 184 | 221 | 194 | 226 | 212 | 223 | 219 | 219 |
| A*-C in English and maths | 67% | 67% | 57% | | | | | |
| 5 A*-C incl English and maths | | 67% | 59% | 58% | 48% | 45% | 51% | 53% |
| English Bacc | 34% | 40% | 33% | 28% | 13% | 10% | 12% | |
| 5A*-C | 72% | 68% | 66% | 72% | 72% | 73% | 71% | 72% |
| 3+A*/A | 26% | 25% | 25% | 28% | 31% | 28% | 27% | 21% |
| Capped APS | | 315 | 311 | 333 | 331 | 324 | 332 | 322 |
| Attainment 8 | 51.5 | 4.99 | | | | | | |
| English 3 Levels progress | 90% | 85% | 64% | 70% | 53% | 56% | 69% | 65% |
| Maths 3 Levels progress | 68% | 67% | 67% | 67% | 56% | 59% | 55% | 57% |
| Progress 8 | 0.19 | 0.14 | | | | | | |
| 2+ A*-C Science | 65% | 71% | 58% | 57% | 54% | 64% | 65% | 66% |
| MFL Level 2 | 58% | 60% | 41% | 35% | 22% | 22% | 25% | 26% |

*results are quoted as percentage of cohort entered

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Sixth form results:

| | |
|--|-------|
| Cohort information for students at the end of 16-18 studies | 139 |
| A level Cohort and Results | |
| Number of students entered for A level qualifications (for average grade measure) | 98 |
| Average point score per A level entry expressed as a grade | c |
| Average point score per A level entry (new point system, see guide) | 29.72 |
| A level – Level 3 Value Added | |
| A level value added score | 0 |
| Upper confidence limit | 0.14 |
| Lower confidence limit | -0.14 |
| Number of A level entries (for value added measure) | 308 |
| Academic cohort and results | |
| Number of students entered for academic qualifications (for average grade measure) | 98 |
| Average point score per academic entry expressed as an A level grade | C |
| Average point score per academic entry (new point system, see guide) | 30.03 |
| Academic – Level 3 Value Added | |
| Academic value added score | 0 |
| Upper confidence limit | 0.14 |
| Lower confidence limit | -0.14 |
| Number of academic entries (for value added measure) | 333 |
| Applied general cohort and results | |
| Number of students entered for applied general qualifications (for average grade measure) | 53 |
| Average point score per applied general entry expressed as a vocational grade | Dist |
| Average point score per applied general entry (new point system, see guide) | 34.92 |
| Applied general – Level 3 Value Added | |
| Applied general value added score | -0.22 |
| Upper confidence limit | 0.11 |
| Lower confidence limit | -0.54 |
| Number of applied general entries (for value added measure) | 52 |
| Tech level cohort and results | |
| Number of students entered for tech level qualifications (for average grade measure) | 4 |
| Average point score per tech level entry expressed as a vocational grade | Merit |
| Average point score per tech level entry (new point system, see guide) | 25.00 |
| English and maths progress measure | |
| Number of students included in English progress measure (without at least an English GCSE grade C by end of key stage 4) | 20 |
| Average progress made in English | 0.70 |
| Number of students included in maths progress measure (without at least a maths grade C by end of key stage 4) | 22 |
| Average progress made in maths | 0.50 |
| A level Attainment | |
| Number of students included in AAB measure | 53 |
| % of students who achieve three GCE A levels at grades AAB or higher, with two in facilitating subjects | 11% |
| Number of students included in best three A levels measure | 62 |
| Average points per entry in best three A levels expressed as a grade | C+ |
| Average point score per entry in best three A levels (new point system, see guide) | 32.04 |
| TechBacc | |
| Number of students achieving the TechBacc | 0 |

Achievements and performance – Bideford College

Bideford College was taken into Special measures in January 2015 and joined the Launceston College MAT in March 2016.

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

GCSE results in 2016 with a significantly below average ability cohort were as follows.

| | 2016 |
|---------------------------|-------------|
| Cohort | 248 |
| A*-C in English and maths | 50% |
| English Bacc | 19% |
| 5A*-C | 56% |
| 3+A*/A | 15% |
| Attainment 8 | 44.49 |
| English 3 Levels progress | 60% |
| Maths 3 Levels progress | 66% |
| Progress 8 | -0.43 |
| 2+ A*-C Science* | 53% |
| MFL Level 2* | 52% |

*results are quoted as percentage of cohort entered

| | |
|--|-------|
| Cohort information for students at the end of 16-18 studies | |
| Number of students at the end of 16-18 studies | 130 |
| A level cohort and results | |
| Number of students entered for A level qualifications (for average grade measure) | 119 |
| Average point score per A level entry expressed as a grade | C- |
| Average point score per A level entry (new point system, see guide) | 26.40 |
| Academic cohort and results | |
| Number of students entered for academic qualifications (for average grade measure) | 119 |
| Average point score per academic entry expressed as an A level grade | C- |
| Average point score per academic entry (new point system, see guide) | 26.42 |
| Applied general cohort and results | |
| Number of students entered for applied general qualifications (for average grade measure) | 64 |
| Average point score per applied general entry expressed as a vocational grade | Dist |
| Average point score per applied general entry (new point system, see guide) | 34.43 |
| Tech level cohort and results | |
| Number of students entered for tech level qualifications (for average grade measure) | 25 |
| Average point score per tech level entry expressed as a vocational grade | Dist- |
| Average point score per tech level entry (new point system, see guide) | 32.40 |
| English and maths progress measure | |
| Number of students included in English progress measure (without at least an English GCSE grade C by end of key stage 4) | 20 |
| Average progress made in English | 0.45 |
| Number of students included in maths progress measure (without at least a maths grade C by end of key stage 4) | 11 |
| Average progress made in maths | 0.55 |
| A level Attainment | |
| Number of students included in AAB measure | 53 |
| % of students who achieve three GCE A levels at grades AAB or higher, with two in facilitating subjects | 11% |
| Average points per entry in best three A levels expressed as a grade | C |
| Average point score per entry in best three A levels (new point system, see guide) | 31.64 |
| TechBacc | |
| Number of students achieving the TechBacc | 0 |

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Key Performance Indicators

The Finance and Assets Committee meet regularly to monitor current performance and expenditure against the current budgets. Temporary surplus funds are invested in the short term in a low risk instant access account to maximise interest received. The MAT works closely with its accountants at Bishop Fleming to ensure systems are robust and targets are met.

The key financial performance indicator for the MAT is the adherence to the financial budgets set at the beginning of the financial year and completion of the budget period in surplus, both of which were met.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi 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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the MAT's income is obtained from the DfE via the EFA 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 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The MAT also receives funds from the Local Authority (Cornwall Council) in respect of Statements of Special Educational Need, which are also classed as restricted funds.

The land, buildings and other assets were transferred to the MAT upon conversion. Land and buildings for Launceston College were valued by the EFA on 31st of March 2013 at £15,415,000, which was reported on 31st of August 2013. Land and buildings for Bideford College were valued by the EFA on 28th of June 2016 at £38,151,000, which was reported on 31st of August 2016. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The MAT 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 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Scheme of Delegation and Finance Policies which lay out the framework for financial management, including financial responsibilities of the Trustees, Executive Principal, managers, budget holders and other staff, as well as delegated authority for spending.

During the period, no matters of significance were presented to the Trustees following independent internal checks on the financial controls.

Reserves Policy

School reserves are reviewed annually – this normally being at the time of budget setting.

The policy of the MAT is to carry forward a prudent level of resources designated to meet the long term cyclical needs of renewal and any other unforeseen contingencies plus a contribution towards future capital projects.

Reserves are built up through close monitoring of the costs and income of the MAT and attempting to make cost savings on the budget throughout the financial year.

The Executive Principal or Business Manager can authorise movement to or from one or more specific reserves subject to the approval of the Finance and Assets Committee and in line with the College Scheme of Delegation.

The MAT considers at least £500,000 of reserves to be an appropriate level, with no fixed maximum because this will be dependent on the upcoming needs of each Academy.

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The level of reserves at the year ended 31st August 2016 is in excess of £500,000 due to funds being carried forward for expenditure that the MAT has already earmarked to spend in the next academic year and to go towards assisting with the decrease in funding and increase in expenditure expected over the next few years.

The level of free reserves held by the MAT at the year end 31st August 2016 was £1,860,876. The level of restricted reserves held by the MAT at the year end 31st August 2016 was £825,900 excluding Pension and Fixed Asset Funds.

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

The reserves policy will be reviewed annually.

Investment Policy

All arrangements concerning the investment of funds shall be made upon consultation of the Finance and Assets Committee.

Trustees are committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk.

The management of cash flow should ensure that there are always sufficient funds in the main bank accounts to cover operational cost. Banks must be selected from the FSI Approval List included in the Financial Services Compensation Scheme (FSCS).

Trustees authorise the movement of any funds not required for operating expenses into an instant access savings account by the Executive Principal or Business Manager in order to maximise the interest received.

Where significant funds have been accumulated that are not required in the short term for operational expenses, or as part of a planned surplus for a specific project, Trustees may consider the investment of these funds in order to generate a longer term income or capital fund. All arrangements concerning the investment of funds outside of the instant access savings account shall be made upon consultation of the Finance and Assets Committee and should be approved by the EFA.

The following criteria should be used in selecting an appropriate investment.

- What level of risk does the investment represent? The Trustees' approach to risk is cautious typical investments will include corporate bonds and fixed interest funds.
- The historical performance of the investment or fund.

Principal Risks And Uncertainties

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

Financial - the MAT has considerable reliance on continued Government funding through the EFA. In the last year 93.5% of the MAT's incoming resources (before income on conversion of Bideford College) 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.

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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Staffing - the success of the Multi Academy Trust is reliant on 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 an auditor to carry out internal 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.

The Trustees have assessed the major risks to which the MAT is exposed via a Risk Register, 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.

The Trustees examine the financial health formally at least once per term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. At the year end, the MAT had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit 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 MAT is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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

PLANS FOR FUTURE PERIODS

The MAT will continue to strive to provide outstanding education and improve the levels of performance of its students 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.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The MAT and its Trustees do not act as the Custodian Trustees of any other Charity.

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 7 December 2016 and signed on the board's behalf by:

E Marshall
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Launceston College 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 Executive Principal, 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 Launceston College 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 4 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 |
|-------------|-------------------|-------------------|
| E Marshall | 4 | 4 |
| J Jackson | 3 | 4 |
| C Bateman | 1 | 2 |
| S Bridgman | 1 | 2 |
| T Broad | 1 | 2 |
| A Counsell | 1 | 2 |
| P Crispin | 2 | 4 |
| I Graham | 3 | 4 |
| N Hawke | 1 | 2 |
| D Humphries | 2 | 2 |
| C Parsons | 1 | 2 |
| H Reilly | 0 | 2 |
| A Slater | 1 | 2 |
| C Tyler | 1 | 2 |
| J White | 2 | 4 |
| C Webb | 4 | 4 |

Governance reviews

In November 2015 the trustees held their annual Governors' development evening. Governors undertook a self-review using the Governance NCTL tool and also received training on the topic of 'preparing governors for Ofsted'.

The next review will be carried out during a Governors' development session in spring 2017.

The **Finance and Staffing Committee** is a sub-committee of the main Board of Trustees. Its terms of reference are:

TERMS OF REFERENCE – MAT FINANCE & ASSETS COMMITTEE

Membership

- 1 x Chair of MAT Board
- 1 x Chief Executive Officer/Executive Principal
- 1 x Finance Director
- 1 x Trustee
- 1 x Bideford appointed governor
- 1 x Launceston Parent governor

GOVERNANCE STATEMENT (continued)

Members who are not MAT Board trustees can attend meetings and will have voting rights as long as the majority of Committee members are trustees.

Quorum

The quorum shall be three Governors.

The majority of voting Committee members at each meeting must be trustees. Staff members cannot vote when undertaking audit committee matters.

Chair

The committee shall appoint a Chair and Vice Chair at its first meeting held in the autumn term of each year.

Meetings

The committee shall meet at least once per half term or otherwise as required.

Terms of reference

The committee will be responsible for the following:

- Provide support for school staff and the MAT board on all matters relating to the school premises, grounds, security and health and safety. Undertake an annual Health and Safety review of each school with the support of nominated representatives from the Local Governing Body of that school to ensure that the school complies with health and safety regulations.
- Work with school staff to inspect the premises and grounds and prepare a statement of priorities for maintenance, redecoration and improvements.
- To approve tenders and arrangements for maintenance, redecoration and improvements within the constraints of the budget allocated for this purpose.
- To oversee the preparation of tenders and implementation of buildings and grounds contracts.
- Review the lettings arrangements and hiring fees annually.
- To provide guidance and assistance in all matters relating to budgeting and finance
- To prepare and review financial policy statements including consideration of long term planning and resourcing
- To consider each years' annual management plan priorities and present an annual budget to the MAT board for approval
- To monitor the income and expenditure of all public funds (eg. Devolved funds, Standard fund) and report the financial situation to the MAT board each term
- To recommend the level of delegation for the day to day financial management of each College
- To vire funds, if necessary, within limits set by the MAT board
- To ensure the audit of non-public funds for presentation to the MAT board
- To receive and where appropriate respond to periodic audit reports of public funds
- To review and recommend for adoption the procedures for dealing with discipline and grievance and ensure that staff are informed of them
- To draft and review, in consultation with staff, criteria for redundancy for the approval of the MAT board
- To draft criteria for the approval of the MAT board about the use of discretionary elements of pay provisions and make recommendations about implementing them

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

- To establish the annual and longer term salary budgets and other costs relating to personnel, eg. Training
- To review the staffing structure whenever a vacancy occurs within a school and at least annually in relation to each school's management plan.

The Finance and Assets Committee will also act as the Audit Committee:

- Undertaking the duties of the audit committee to achieve internal scrutiny which delivers objective and independent assurance, which means that:
 - o Staff employed by the trust should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions.
- The committee's work must focus on providing assurances to the board of the trustees that risks are being adequately identified and managed by:
 - o Reviewing the risks to internal financial control at the trust
 - o Agreeing a programme of work to address, and provide assurance on, those risks
- The outcome of the work should inform the governance statements that accompany the trust's annual accounts and, so far as is possible, provide assurance to external auditors.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| E Marshall (Chair) | 4 | 6 |
| J Jackson | 4 | 6 |
| T Broad | 2 | 2 |
| P Crispin | 2 | 4 |
| I Graham | 4 | 6 |
| C Parsons | 1 | 4 |
| C Webb | 1 | 2 |
| G Sanders (attending on behalf of D Humphries) | 6 | 6 |
| J White | 4 | 4 |

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Principal 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:

The accounting officer for the MAT has delivered improved value for money during the year by:

1. Procuring property services for the MAT and over 20 primary schools as a group to ensure best value is achieved
2. Renegotiating stationary contracts and procuring in bulk
3. Developing ICT software in house
4. Reviewing all SLAs to ensure best value was being achieved

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 Multi Academy Trust policies, aims and objectives, to evaluate the

GOVERNANCE STATEMENT (continued)

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 Launceston College MAT for the year 1 September 2015 to 31 August 2016 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 Multi 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 Multi Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 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 Multi 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 Staffing 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 not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming, the external auditor, to perform additional checks as the Responsible Officer.

The role of the Responsible Officer includes giving advice on financial matters and performing a range of checks on the MAT's financial systems. In particular the checks carried out in the current period included:

- Accounting system
- Purchases
- Income
- Budgets and financial monitoring
- Strategic and operational review
- Accounting officer/further regularity checks

On a termly or bi-annual basis, the RO reports to the audit committee and the finance and assets committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The RO has delivered their schedule of work as planned and has not reported any material control issues arising as a result of their work.

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

- the work of the executive managers within the Multi 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 Finance and Assets Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on their behalf, by:

**E Marshall
Chair of Trustees**

**J Jackson
Accounting Officer**

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Launceston College I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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.

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.

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

**J Jackson
Accounting Officer**

Date: 7 December 2016

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of Launceston College and are also the directors of the charitable company for the purposes of company law) 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 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

E Marshall
Chair of Trustees

Date: 7 December 2016

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF LAUNCESTON COLLEGE**

We have audited the financial statements of Launceston College for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF LAUNCESTON COLLEGE**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

15 December 2016

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
LAUNCESTON COLLEGE AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 May 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Launceston College during the year 1 September 2015 to 31 August 2016 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 Launceston College and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Launceston College and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Launceston College and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF LAUNCESTON COLLEGE'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Launceston College's funding agreement with the Secretary of State for Education dated 19 December 2012, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

15 December 2016

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Transfer from Local Authority on conversion | 2 | 84,139 | (1,859,000) | 38,151,000 | 36,376,139 | - |
| Other donations and capital grants | 2 | 53,671 | - | 983,626 | 1,037,297 | 789,769 |
| Charitable activities | 5 | 475,542 | 10,699,949 | - | 11,175,491 | 6,928,527 |
| Other trading activities | 3 | 245,758 | - | - | 245,758 | 94,022 |
| Investments | 4 | 5,937 | - | - | 5,937 | 6,414 |
| TOTAL INCOME | | 865,047 | 8,840,949 | 39,134,626 | 48,840,622 | 7,818,732 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 20,103 | - | - | 20,103 | 3,875 |
| Charitable activities | | 373,082 | 11,148,251 | 540,209 | 12,061,542 | 7,370,440 |
| TOTAL EXPENDITURE | 6 | 393,185 | 11,148,251 | 540,209 | 12,081,645 | 7,374,315 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | 471,862 | (2,307,302) | 38,594,417 | 36,758,977 | 444,417 |
| Transfers between Funds | 19 | - | (21,072) | 21,072 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 471,862 | (2,328,374) | 38,615,489 | 36,758,977 | 444,417 |
| Actuarial gains/(losses) on defined benefit pension schemes | 25 | - | (3,125,000) | - | (3,125,000) | 49,000 |
| NET MOVEMENT IN FUNDS | | 471,862 | (5,453,374) | 38,615,489 | 33,633,977 | 493,417 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 563,114 | (388,726) | 15,424,767 | 15,599,155 | 15,105,738 |
| TOTAL FUNDS CARRIED FORWARD | | 1,034,976 | (5,842,100) | 54,040,256 | 49,233,132 | 15,599,155 |

The notes on pages 29 to 50 form part of these financial statements.

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08150106

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|--------------------|--------------------|-------------|-------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 15 | | 53,065,834 | | 15,392,972 |
| CURRENT ASSETS | | | | | |
| Debtors | 16 | 665,213 | | 488,938 | |
| Cash at bank and in hand | | 2,721,863 | | 1,543,583 | |
| | | 3,387,076 | | 2,032,521 | |
| CREDITORS: amounts falling due within one year | 17 | (551,778) | | (310,338) | |
| NET CURRENT ASSETS | | | 2,835,298 | | 1,722,183 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 55,901,132 | | 17,115,155 |
| Defined benefit pension scheme liability | 25 | | (6,668,000) | | (1,516,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 49,233,132 | | 15,599,155 |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted income funds: | | | | | |
| General funds | 19 | 825,900 | | 1,127,274 | |
| Fixed asset funds | 19 | 54,040,256 | | 15,424,767 | |
| Restricted income funds excluding pension liability | | 54,866,156 | | 16,552,041 | |
| Pension reserve | | (6,668,000) | | (1,516,000) | |
| Total restricted income funds | | | 48,198,156 | | 15,036,041 |
| Unrestricted income funds | 19 | | 1,034,976 | | 563,114 |
| TOTAL FUNDS | | | 49,233,132 | | 15,599,155 |

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

E Marshall
Chair of Trustees

The notes on pages 29 to 50 form part of these financial statements.

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 21 | <u>166,649</u> | <u>524,121</u> |
| Cash flows from investing activities: | | | |
| Interest | | 5,937 | 6,414 |
| Purchase of tangible fixed assets | | (62,071) | (437,907) |
| Capital grants from DfE/EFA | | <u>983,626</u> | <u>235,393</u> |
| Net cash provided by/(used in) investing activities | | <u>927,492</u> | <u>(196,100)</u> |
| Cash transferred on conversion to an academy trust: | | | |
| Cash transferred | | <u>84,139</u> | - |
| Net cash provided by financing activities | | <u>84,139</u> | - |
| Change in cash and cash equivalents in the year | 22 | <u>1,178,280</u> | 328,021 |
| Cash and cash equivalents brought forward | | <u>1,543,583</u> | <u>1,215,562</u> |
| Cash and cash equivalents carried forward | | <u><u>2,721,863</u></u> | <u><u>1,543,583</u></u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

Launceston College constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Launceston College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Launceston College for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 31.

1.2 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 and include grants from the Department for Education.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

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.

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

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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..

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-----------------------|---|-----------------------|
| Freehold property | - | 2 - 10% straight line |
| Motor vehicles | - | 25% straight line |
| Fixtures and fittings | - | 20% straight line |
| Computer equipment | - | 33% straight line |

1.7 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.

1.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 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.

1.11 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.

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.13 PENSIONS

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

1.14 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 28.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.15 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy 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 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|--|--|--|---------------------------------------|---------------------------------------|
| Transfer from Local Authority on conversion | 84,139 | (1,859,000) | 38,151,000 | 36,376,139 | - |
| Donations | 53,671 | - | - | 53,671 | 105,970 |
| Capital Grants | - | - | 983,626 | 983,626 | 683,799 |
| Subtotal | 53,671 | - | 983,626 | 1,037,297 | 789,769 |
| Total donations and capital grants | 137,810 | (1,859,000) | 39,134,626 | 37,413,436 | 789,769 |

In 2015, of the total income from donations and capital grants, £93,127 was unrestricted and £12,843 was restricted and £683,799 was in relation to restricted fixed asset funds.

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------------------|--|---------------------------------------|---------------------------------------|
| Lettings and Facilities Income | 84,370 | 84,370 | 63,109 |
| External Catering | 21,157 | 21,157 | 11,271 |
| Copy Shop | - | - | 691 |
| Consultancy | 29,654 | 29,654 | - |
| Fees received | 81,657 | 81,657 | - |
| Other | 28,920 | 28,920 | 18,951 |
| | <u>245,758</u> | <u>245,758</u> | <u>94,022</u> |

In 2015, the total income from other trading activities of £94,022 was unrestricted.

4. INVESTMENT INCOME

| | Total funds 2016 £ | Total funds 2015 £ |
|---------------|---------------------------------------|---------------------------------------|
| Bank interest | <u>5,937</u> | <u>6,414</u> |

In 2015 the total investment income of £6,414 was unrestricted.

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant | - | 9,646,306 | 9,646,306 | 6,082,556 |
| Start up Grants | - | 146,866 | 146,866 | - |
| Other DfE/EFA grants | - | 612,043 | 612,043 | 313,196 |
| | <u>-</u> | <u>10,405,215</u> | <u>10,405,215</u> | <u>6,395,752</u> |
| Other government grants | | | | |
| High Needs | - | 242,746 | 242,746 | 252,916 |
| Other government grants non capital | - | 22,941 | 22,941 | 12,602 |
| | <u>-</u> | <u>265,687</u> | <u>265,687</u> | <u>265,518</u> |
| Other funding | | | | |
| Internal catering income | 253,285 | - | 253,285 | 146,705 |
| Sales to students | 206,202 | - | 206,202 | 95,295 |
| Other | - | 29,047 | 29,047 | 22,107 |
| Income for hosting trainee teachers | 16,055 | - | 16,055 | 3,150 |
| | <u>475,542</u> | <u>29,047</u> | <u>504,589</u> | <u>267,257</u> |
| | <u>475,542</u> | <u>10,699,949</u> | <u>11,175,491</u> | <u>6,928,527</u> |

In 2015, of the total income from charitable activities, £222,515 was unrestricted and £6,732,669 was restricted.

6. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|------------------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Expenditure on fundraising trading | - | - | 20,103 | 20,103 | 3,875 |
| Education: | | | | | |
| Direct costs | 7,430,352 | 504,558 | 827,396 | 8,762,306 | 5,746,212 |
| Support costs | 1,696,579 | 969,247 | 633,410 | 3,299,236 | 1,624,228 |
| | <u>9,126,931</u> | <u>1,473,805</u> | <u>1,480,909</u> | <u>12,081,645</u> | <u>7,374,315</u> |

In 2016, of the total expenditure, £393,185 (2015: £205,272) was to unrestricted funds, £11,148,251 (2015: £6,763,446) was to restricted funds and £540,209 (2015: £373,597) was to restricted fixed asset funds.

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. DIRECT COSTS

| | Total 2016 £ | Total 2015 £ |
|-----------------------|-----------------------------|-----------------------------|
| Pension finance costs | 56,000 | 33,118 |
| Educational supplies | 453,405 | 420,497 |
| Examination fees | 226,015 | 120,153 |
| Other costs | 1,825 | 994 |
| Supply teachers | 7,219 | - |
| Technology costs | 82,932 | 29,173 |
| Wages and salaries | 5,972,068 | 3,933,524 |
| National insurance | 496,849 | 278,227 |
| Pension cost | 961,435 | 594,393 |
| Depreciation | 504,558 | 336,133 |
| | <u>8,762,306</u> | <u>5,746,212</u> |

8. SUPPORT COSTS

| | Total 2016 £ | Total 2015 £ |
|---------------------------------------|-----------------------------|-----------------------------|
| Pension finance costs | 37,000 | 21,882 |
| Staff development | 21,848 | 21,667 |
| Recruitment and support | 9,130 | 8,845 |
| Maintenance of premises and equipment | 636,492 | 273,500 |
| Cleaning | 22,058 | 12,981 |
| Rent and rates | 207,388 | 110,193 |
| Energy costs | 154,441 | 91,253 |
| Insurance | 60,016 | 43,791 |
| Security and transport | 44,817 | 34,270 |
| Catering | 188,942 | 110,688 |
| Technology costs | 52,818 | 12,964 |
| Office overheads | 54,286 | 26,597 |
| Legal and professional | 22,200 | 12,777 |
| Bank interest and charges | 7,151 | 6,031 |
| Governance | 48,419 | 55,670 |
| Wages and salaries | 1,344,583 | 623,121 |
| National insurance | 80,647 | 31,127 |
| Pension cost | 271,349 | 89,407 |
| Depreciation | 35,651 | 37,464 |
| | <u>3,299,236</u> | <u>1,624,228</u> |

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

| | 2016 | 2015 |
|---|----------------|--------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 540,209 | 373,597 |
| Auditors' remuneration - audit | 10,000 | 6,940 |
| Auditors' remuneration - other services | 6,461 | 7,255 |
| Operating lease rentals | 54,649 | 64,156 |
| | ===== | ===== |

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

| | 2016 | 2015 |
|--|------------------|-----------|
| | £ | £ |
| Wages and salaries | 7,101,399 | 4,530,545 |
| Social security costs | 577,496 | 309,354 |
| Operating costs of defined benefit pension schemes | 1,232,784 | 683,800 |
| | 8,911,679 | 5,523,699 |
| Staff restructuring costs | 215,252 | 26,100 |
| | 9,126,931 | 5,549,799 |

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

| | 2016 | 2015 |
|----------------------------|-------------|------|
| | No. | No. |
| Teaching | 129 | 92 |
| Administration and support | 175 | 133 |
| Management | 9 | 7 |
| | 313 | 232 |

Average headcount expressed as a full time equivalent:

| | 2016 | 2015 |
|----------------------------|-------------|------|
| | No. | No. |
| Teaching | 113 | 79 |
| Administration and support | 103 | 66 |
| Management | 9 | 7 |
| | 225 | 152 |

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

| | 2016 | 2015 |
|--------------------------------|-------------|------|
| | No. | No. |
| In the band £60,001 - £70,000 | 2 | 2 |
| In the band £80,001 - £90,000 | 1 | 0 |
| In the band £90,001 - £100,000 | 1 | 1 |

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £59,550 (2015: £26,100). Individually, the payments were £23,000, £14,000, £12,900 and £9,650.

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team of the MAT as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £374,967 (2015: £296,581).

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. CENTRAL SERVICES

The Acadmey Trust provides a central finance function. The costs in relation to this service are apportioned to each school on a time-apportioned basis.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration in the year was as follows: J Jackson: Remuneration £90,001 - £95,000 (2015: £90,001 - £95,000) and employer's pension contributions £15,001 - £20,000 (2015: £10,001 - £15,000), S Bridgman: Remuneration £15,001 - £20,000 (2015: £15,001 - £20,000) and employer's pension contributions £1 - £5,000 (2015: £1 - £5,000), C Bateman: Remuneration £40,001 - £45,000 (2015: £35,001 - £40,000) and employer's pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000), T Broad: Remuneration £50,001 - £55,000 (2015: Not a Trustee) and employer's pension contributions £10,001 - £15,000 (2015: Not a Trustee).

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, expenses totalling £332 (2015: £184) were reimbursed to 5 Trustees (2015: 1).

13. 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 2016 was £476 (2015: £632).

14. OTHER FINANCE INCOME

| | 2016 £ | 2015 £ |
|--|-----------------|-----------------|
| Interest income on pension scheme assets | 154,000 | 105,000 |
| Interest on pension scheme liabilities | (247,000) | (160,000) |
| | <u>(93,000)</u> | <u>(55,000)</u> |

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. TANGIBLE FIXED ASSETS

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|------------------------|---------------------------|------------------------|-------------------------------|----------------------------|-------------------|
| COST | | | | | |
| At 1 September 2015 | 16,042,378 | 23,958 | 58,921 | 198,135 | 16,323,392 |
| Additions | 10,186 | 3,700 | 4,179 | 44,006 | 62,071 |
| Transfer on conversion | 38,151,000 | - | - | - | 38,151,000 |
| | <u>54,203,564</u> | <u>27,658</u> | <u>63,100</u> | <u>242,141</u> | <u>54,536,463</u> |
| DEPRECIATION | | | | | |
| At 1 September 2015 | 734,548 | 14,562 | 33,438 | 147,872 | 930,420 |
| Charge for the year | 483,750 | 4,021 | 15,024 | 37,414 | 540,209 |
| | <u>1,218,298</u> | <u>18,583</u> | <u>48,462</u> | <u>185,286</u> | <u>1,470,629</u> |
| NET BOOK VALUE | | | | | |
| At 31 August 2016 | <u>52,985,266</u> | <u>9,075</u> | <u>14,638</u> | <u>56,855</u> | <u>53,065,834</u> |
| At 31 August 2015 | <u>15,307,830</u> | <u>9,396</u> | <u>25,483</u> | <u>50,263</u> | <u>15,392,972</u> |

Included in freehold property is freehold land of £22,124,000 (2015: £2,343,000) which is not depreciated.

16. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 52,674 | 130,453 |
| Prepayments and accrued income | 612,539 | 358,485 |
| | <u>665,213</u> | <u>488,938</u> |

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 3,124 | - |
| Other taxation and social security | 3,696 | 4,183 |
| Other creditors | 123,757 | 25,956 |
| Accruals and deferred income | 421,201 | 280,199 |
| | <u>551,778</u> | <u>310,338</u> |

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

| | 2016 £ | 2015 £ |
|--------------------------------------|---------------|---------------|
| DEFERRED INCOME | | |
| Deferred income at 1 September 2015 | 48,676 | 140,519 |
| Resources deferred during the year | 19,089 | 48,676 |
| Amounts released from previous years | (48,676) | (140,519) |
| | <u>19,089</u> | <u>48,676</u> |
| Deferred income at 31 August 2016 | <u>19,089</u> | <u>48,676</u> |

At the balance sheet date the academy was holding funds received in advance for:

Educational trips income - £15,380
Lettings and facilities - £3,709

18. FINANCIAL INSTRUMENTS

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Financial assets measured at amortised cost | <u>3,372,336</u> | <u>2,015,735</u> |
| Financial liabilities measured at amortised cost | <u>528,993</u> | <u>257,479</u> |

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

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

19. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------|-------------------------|----------------|------------------|--------------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | <u>563,114</u> | <u>865,047</u> | <u>(393,185)</u> | <u>-</u> | <u>-</u> | <u>1,034,976</u> |

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

| | | | | | | |
|----------------------------|------------------|------------------|---------------------|-----------------|--------------------|--------------------|
| General Annual Grant (GAG) | 645,887 | 9,646,306 | (9,419,843) | (46,450) | - | 825,900 |
| High needs | - | 242,746 | (242,746) | - | - | - |
| Start up grant | - | 146,866 | (146,866) | - | - | - |
| Non capital | | | | | | |
| CIF/DfC funding | 451,975 | - | (477,353) | 25,378 | - | - |
| Other government grants | - | 634,984 | (634,984) | - | - | - |
| Other restricted income | 29,412 | 29,047 | (58,459) | - | - | - |
| Pension reserve | (1,516,000) | (1,859,000) | (168,000) | - | (3,125,000) | (6,668,000) |
| | <u>(388,726)</u> | <u>8,840,949</u> | <u>(11,148,251)</u> | <u>(21,072)</u> | <u>(3,125,000)</u> | <u>(5,842,100)</u> |

RESTRICTED FIXED ASSET FUNDS

| | | | | | | |
|--|-------------------|-------------------|---------------------|---------------|--------------------|-------------------|
| Fixed assets transferred on conversion | 14,916,663 | 38,151,000 | (449,032) | - | - | 52,618,631 |
| Fixed assets purchased from GAG and other restricted funds | 69,596 | - | (41,081) | 46,450 | - | 74,965 |
| DfE/EFA Capital grants | 438,508 | 983,626 | (50,096) | (25,378) | - | 1,346,660 |
| | <u>15,424,767</u> | <u>39,134,626</u> | <u>(540,209)</u> | <u>21,072</u> | <u>-</u> | <u>54,040,256</u> |
| Total restricted funds | <u>15,036,041</u> | <u>47,975,575</u> | <u>(11,688,460)</u> | <u>-</u> | <u>(3,125,000)</u> | <u>48,198,156</u> |
| Total of funds | <u>15,599,155</u> | <u>48,840,622</u> | <u>(12,081,645)</u> | <u>-</u> | <u>(3,125,000)</u> | <u>49,233,132</u> |

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

Restricted Funds

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

Start up Grant – This represents one off funding received from the EFA to contribute to the cost of converting from a school to an academy.

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

Pupil Premium - Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Other government grants - Other income from the EFA/DfE and local government for restricted purposes.

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. STATEMENT OF FUNDS (continued)

Other restricted income - Other income received with specific restrictions.

Pension Reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

Non capital CIF/DfC funding - Income from the EFA which is to be used for specific repairs to the Academy buildings.

Fixed Asset Restricted 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.

DfE/EFA Capital Grants - Funds received for direct expenditure on fixed asset projects. The balance at the year end represents the net book value of assets purchased and any unspent grant amounts.

Fund Transfers

A transfer has been made between GAG funding and restricted fixed assets to reflect capital items purchased in the year using GAG funding.

A transfer has been made from restricted fixed asset funds in relation to DfE/EFA funding that was for capital works that have been spent towards projects which have not been capitalised in the accounts.

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 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

| | Total 2016 £ | Total 2015 £ |
|---|-----------------------------|--------------------|
| Launceston College | 1,626,900 | 1,690,388 |
| Bideford College | 233,976 | - |
| Total before fixed asset fund and pension reserve | 1,860,876 | 1,690,388 |
| Restricted fixed asset fund | 54,040,256 | 15,424,767 |
| Pension reserve | (6,668,000) | (1,516,000) |
| Total | 49,233,132 | 15,599,155 |

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2016 £ | Total 2015 £ |
|--------------------|---|--------------------------------|---------------------------|---|-------------------|------------------|
| Launceston College | 4,626,024 | 1,062,459 | 241,808 | 1,273,349 | 7,203,640 | 6,968,718 |
| Bideford College | 2,763,025 | 675,423 | 180,306 | 719,042 | 4,337,796 | - |
| | <u>7,389,049</u> | <u>1,737,882</u> | <u>422,114</u> | <u>1,992,391</u> | <u>11,541,436</u> | <u>6,968,718</u> |

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------------|---------------------------------|-------------------------------|---|--------------------------|--------------------------|
| Tangible fixed assets | - | - | 53,065,834 | 53,065,834 | 15,392,972 |
| Current assets | 1,586,754 | 825,900 | 974,422 | 3,387,076 | 2,032,521 |
| Creditors due within one year | (551,778) | - | - | (551,778) | (310,338) |
| Pension scheme liability | - | (6,668,000) | - | (6,668,000) | (1,516,000) |
| | <u>1,034,976</u> | <u>(5,842,100)</u> | <u>54,040,256</u> | <u>49,233,132</u> | <u>15,599,155</u> |

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

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Net income for the year (as per Statement of financial activities) | 36,758,977 | 444,417 |
| Adjustment for: | | |
| Depreciation charges | 540,209 | 373,597 |
| Interest | (5,937) | (6,414) |
| Increase in debtors | (176,275) | (300,010) |
| Increase/(decrease) in creditors | 241,440 | (58,812) |
| Capital grants from DfE and other capital income | (983,626) | (26,657) |
| Defined benefit pension scheme cost less contributions payable | 75,000 | 43,000 |
| Defined benefit pension scheme finance cost | 93,000 | 55,000 |
| Net gain on assets and liabilities from local authority on conversion | (36,376,139) | - |
| Net cash provided by operating activities | <u>166,649</u> | <u>524,121</u> |

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|------------------|------------------|
| Cash in hand | 2,721,863 | 1,543,583 |
| Total | <u>2,721,863</u> | <u>1,543,583</u> |

23. CONVERSION TO AN ACADEMY TRUST

On 1 March 2016 Bideford College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Launceston College from Devon County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. 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 in the Statement of financial activities incorporating income and expenditure account as voluntary income.

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 £ |
|---------------------------------------|----------------------------|--------------------------|---|---------------------|
| Freehold/leasehold land and buildings | - | - | 38,151,000 | 38,151,000 |
| Other assets | 84,139 | - | - | 84,139 |
| LGPS pension surplus/(deficit) | - | (1,859,000) | - | (1,859,000) |
| Net assets/(liabilities) | <u>84,139</u> | <u>(1,859,000)</u> | <u>38,151,000</u> | <u>36,376,139</u> |

The above net assets include £84,139 that were transferred as cash.

24. CAPITAL COMMITMENTS

At 31 August 2016 the Academy Trust had capital commitments as follows:

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Contracted for but not provided in these financial statements | - | 333,143 |

At the balance sheet date, the Trustees had authorised, but not contractually committed, £925,044 of capital expenditure which will be covered by capital income received from the EFA.

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 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. PENSION COMMITMENTS (continued)

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

Not less than every four years 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £272,472 (2015: £428,254).

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).

Under the definitions set out in FRS 102, the TPS is a 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 2016 was £507,000 (2015: £328,000), of which

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. PENSION COMMITMENTS (continued)

employer's contributions totalled £396,000 (2015: £264,000) and employees' contributions totalled £111,000 (2015: £64,000). The agreed contribution rates for future years are 21% for employers and an average of 6.1 % for employees.

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

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|---------------|--------|
| Discount rate for scheme liabilities | 2.20 % | 3.80 % |
| Rate of increase in salaries | 4.10 % | 4.60 % |
| Rate of increase for pensions in payment / inflation | 2.20 % | 2.70 % |

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

| | 2016 | 2015 |
|----------------------|-------------------|------------|
| Retiring today | | |
| Males | 22.6 years | 22.2 years |
| Females | 25.3 years | 24.4 years |
| Retiring in 20 years | | |
| Males | 24.8 years | 24.4 years |
| Females | 27.7 years | 26.8 years |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|---------------------------------------|---|---|
| Equities | 1,441,000 | 1,255,000 |
| Debt instruments | 849,000 | 1,530,000 |
| Property | 223,000 | 214,000 |
| Cash | 53,000 | 61,000 |
| Target return portfolio | 269,000 | - |
| Infrastructure and alternative assets | 185,000 | - |
| Total market value of assets | <u>3,020,000</u> | <u>3,060,000</u> |

The actual return on scheme assets was £489,000 (2015: £129,000).

LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|--|-----------------------------|-----------------------------|
| Current service cost (net of employee contributions) | (471,000) | (307,000) |
| Net interest cost | (93,000) | (55,000) |
| | <u> </u> | <u> </u> |
| Total | <u><u>(564,000)</u></u> | <u><u>(362,000)</u></u> |

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

| | 2016 £ | 2015 £ |
|------------------------------------|-----------------------------|-----------------------------|
| Opening defined benefit obligation | 4,576,000 | 4,179,000 |
| Upon conversion | 3,382,000 | - |
| Current service cost | 471,000 | 307,000 |
| Interest cost | 247,000 | 160,000 |
| Contributions by employees | 111,000 | 64,000 |
| Actuarial losses/(gains) | 3,500,000 | (61,000) |
| Benefits paid | (35,000) | (73,000) |
| | <u> </u> | <u> </u> |
| Closing defined benefit obligation | <u><u>12,252,000</u></u> | <u><u>4,576,000</u></u> |

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

| | 2016 £ | 2015 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Opening fair value of scheme assets | 3,060,000 | 2,712,000 |
| Upon conversion | 1,523,000 | - |
| Interest income | 154,000 | 105,000 |
| Actuarial gains and (losses) | 375,000 | (12,000) |
| Contributions by employer | 396,000 | 264,000 |
| Contributions by employees | 111,000 | 64,000 |
| Benefits paid | (35,000) | (73,000) |
| | <u> </u> | <u> </u> |
| Closing fair value of scheme assets | <u><u>5,584,000</u></u> | <u><u>3,060,000</u></u> |

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

26. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2016 | 2015 |
|-------------------------|----------------|---------|
| | £ | £ |
| AMOUNTS PAYABLE: | | |
| Within 1 year | 50,590 | 51,947 |
| Between 1 and 5 years | 61,819 | 112,409 |
| Total | 112,409 | 164,356 |

27. RELATED PARTY TRANSACTIONS

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

Excluding remunerations paid to staff Trustees, no related party transactions took place in the period of account except for the following:

An Daras Multi Academy Trust, of which J Jackson (Executive Principal) is also a Trustee, was charged £36,356 (2015: £19,558) for grounds maintenance and other services provided by Launceston College. At the year end £60 (2015: £6,906) was included within debtors.

The Duchy Academy Trust, of which J Jackson (Executive Principal) is also a Trustee, was charged £2,319 (2015: £3,444) for grounds maintenance and other services provided by Launceston College. Purchases were made from the Duchy Academy Trust of £4,000 (2015: £Nil)

Duchy College, of which A Counsell (Trustee) is the Principal, charged Launceston College £18,933 (2015: £14,405) for the provision of teaching of Launceston College students.

Homeleigh Garden Centre, a company of which the spouse of T Broad (Trustee) is a director, charged Launceston College £459 (2015: Not a related company) for purchases made.

28. GENERAL INFORMATION

Launceston College is a company limited by guarantee, incorporated in England and Wales. The registered office is Launceston College, Hurdon Road, Launceston, Cornwall, PL15 9JR.

29. 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.

**LAUNCESTON COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

30. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2016 the Academy received £116,946 and disbursed £17,522 from the fund. An amount of £118,525 is included in other creditors relating to undistributed funds that is repayable to EFA.

31. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

| RECONCILIATION OF TOTAL FUNDS | Notes | 1 September 2014 £ | 31 August 2015 £ |
|---|--------------|-----------------------|---------------------|
| Total funds under previous UK GAAP | | 15,272,882 | 15,599,155 |
| Total funds reported under FRS 102 | | <u>15,272,882</u> | <u>15,599,155</u> |
| | | | |
| Reconciliation of net income/(expenditure) | Notes | | 31 August 2015 £ |
| Net income previously reported under UK GAAP | | | 476,417 |
| Pension interest cost | | | (32,000) |
| Net movement in funds reported under FRS 102 | | | <u>444,417</u> |

Explanation of changes to previously reported funds and net income/expenditure:

Under previous UK GAAP the Academy recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the expenditure by £32,000 and decrease the other recognised gains and losses in the SoFA by an equivalent amount.