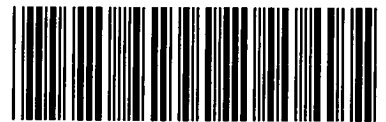


Report and Financial Statements
for the Year Ended 31 August 2014
for
The Priory Federation of Academies
(A Company Limited by Guarantee)



Company Limited by Guarantee
Registration Number:
06462935 (England and Wales)

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for the Year Ended 31 August 2014

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The Priory Federation of Academies (Registered number 06462935)

Reference and Administrative Details

Members

The Priory Fundraising Trust (sponsor)
H D Gee
I Jones (from May 2014)

Trustees

a, e	H D Gee (Chair)	
e	K Hindmarch	Resigned 11 July 2014
	I Jones (ex-officio)	
b	J Kirtton	Resigned 15 Sept 2014
e	F Knowles	
c	D Knowles	
d	S Richardson (Vice-Chair)	
	P Murphy (Staff)	
	S Milner (Parent)	
	D Harry (Co-opted)	
	J Powell (Co-opted)	
	P Houten (Co-opted)	
	Councillor R Kirk (LA)	Appointed 31 Mar 2014

- a Chair of Priory Witham local committee
- b Chair of Priory Ruskin local committee
- c Chair of Priory LSST local committee
- d Chair of Priory City of Lincoln local committee
- e Sponsor Trustee

Chief Executive

I Jones

**Director of Finance and Business/
Company Secretary**

J A Cawdell

Clerk to the Trustees

M Mammatt

Head, The Priory Academy LSST
Head, The Priory Witham Academy
Head, The Priory City of Lincoln
Academy
Head, The Priory Ruskin Academy
Primary Head, The Priory Witham
Academy

I Jones
A Madge
J Hopkinson
C Shepherd
P Curtis

Director of Standards
Director of Student Welfare

A Chisholm
R Reeve

The Priory Federation of Academies (Registered number 06462935)

Reference and Administrative Details

Registered Office	The Priory Federation of Academies 23 Cross O'Cliff Hill LINCOLN Lincolnshire LN5 8PW Tel: 01522 889977
Company Registration Number	06462935 (England and Wales)
Independent Auditor	Duncan & Toplis Statutory Auditors 15 Chequergate Louth Lincolnshire LN11 0LJ
Bankers	Lloyds Bank Nottingham RST 3 rd Floor Old Market Square House Old Market Square NOTTINGHAM Nottinghamshire NG1 6FD
Bankers	NatWest Bank 2 nd Floor The Maltings Brayford Wharf East Lincoln LN5 7DS

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014

The trustees present their annual report, together with the financial statements and auditor's reports, of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates four academies in Lincolnshire; three secondary and one all-through with a combined roll of 4,598 in the school census on 1 May 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of The Priory Federation of Academies Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Priory Federation of Academies. Details of the trustees who served during the year are included in the Reference and Administrative Details on Page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice, the Trust 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 £2,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by The Priory Federation of Academies Trust in accordance with the memorandum and articles of association.

Appointment of Sponsor Trustees

The Sponsor may, by notice in writing to the Company, appoint up to three Sponsor Trustees.

Academy Trustees

The Chairman of each School Committee shall be an Academy Trustee for as long as he remains in office as such, provided that the total number of Academy Trustees shall not exceed five.

Parent Trustee

The Parent Trustee shall be elected by the parent members of the School Committees (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the trustees from time to time) from amongst their number.

The elected Parent Trustee must be a parent of a registered pupil at one of the Academies at the time when he is elected. The Parent Trustee vacancy shall be made up by a Parent Trustee appointed by the trustees if no parents stand for election.

The trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustee, including any question of whether a person is a parent of a registered pupil at one of the Academies. Any election of the Parent Trustee which is contested shall be held by secret ballot. In the event of there being an equality of votes for more than one candidate, then the trustees shall have the casting vote.

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014 (continued)

In appointing a Parent Trustee, the Trustees shall appoint a person who is the parent of a registered pupil at an Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Chief Executive Officer

The Chief Executive Officer shall be a governor and shall be treated for all purposes as being an ex-officio trustee.

LA Trustee

The LA shall appoint the LA Trustee.

Higher Education Trustee

The Higher Education Trustee shall be appointed by such higher education institution as may be agreed by the trustees.

Staff Trustee

The Staff Trustee shall be elected by the staff members of the School Committees (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the trustees from time to time) from amongst their number.

The Staff Trustee must be a member of staff at the time when he is elected. If a Staff Trustee ceases to be employed by the Federation, then he shall be deemed to have resigned and shall cease to be a trustee.

The trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Staff Trustee, including any question of whether a person is employed under a contract of employment or a contract for services or otherwise engaged to provide his services at any of the Academies.

Any election of the Staff Trustee which is contested shall be held by secret ballot.

Co-opted Trustees

The trustees may appoint up to three Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed.

Alternate Trustees

Any trustee (other than Alternate Trustees) may appoint any other trustee to be an Alternate Trustee and may remove from office an Alternate Trustee so appointed by him.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees are provided with access to appropriate Charity Commission guides and the Trust's own Governance Handbook. In addition, a Trustee training workshop is arranged at least once per year.

Organisational Structure

Prior to 31st August 2010, The Priory Federation of Academies consisted of: The Priory Academy LSST, The Priory Witham Academy, and The Priory City of Lincoln Academy. On 1 September 2010, the Grantham Church VA School and the Grantham Central Technology College joined the Priory Federation of Academies as The Priory Ruskin Academy.

As specified in the Memorandum of Association, The Priory Federation of Academies is responsible for all four Academies.

The trustees of The Priory Federation of Academies may delegate to a committee, to any trustee holding executive office, to the Chief Executive, or to the Heads of Academy, such of their powers or functions as they consider to be desirable to be exercised by them.

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014 (continued)

Committees of The Priory Federation of Academies are known as Federation committees. Separate local advisory committees known as "Academy Committees" have been appointed for each of the academies.

The accounting officer is the Chief Executive of the Trust.

Connected Organisations, including Related Party Relationships

The Priory Fundraising Trust (PFT) is the sponsor of The Priory Federation of Academies. The PFT's role is to ensure that a suitably qualified Board of Trustees is appointed to The Priory Federation of Academies and that the ethos of the four Academies is maintained.

The Priory Academy LSST has Teaching School status and is involved in leading educational improvement activities and initial teacher training with 17 other academies throughout Lincolnshire.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of The Priory Federation of Academies to provide education for pupils of different abilities between the ages of four and 19 with an emphasis on particular specialisms.

In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Priory Federation of Academies, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of The Priory Federation of Academies during the period ended 31 August 2014 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of The Priory Federation of Academies by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain links with industry and commerce and the international community; and
- to conduct The Priory Federation of Academies business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The Priory Federation of Academies' Vision is to create:

- a strong ethos of achievement leading to improved standards
- personal confidence
- appropriate thinking skills

This is achieved through developing:

- a sense of personal identity
- a sense of belonging to an individual Academy and to the wider Federation
- an emphasis on personal and community responsibility
- a positive learning climate in terms of the nature of courses offered and teaching styles utilised
- positive relationships with external partners concerned with 14-19 provision and extended services

The curriculum offer in all four Academies is distinctive but complementary.

At Key Stage 3, all four academies have a major focus on ensuring that all pupils develop core English, Maths, and IT skills and the personal, learning and thinking skills to equip them with the competence and confidence to pursue both academic and vocational pathways in the future.

The Priory Academy LSST concentrates on academic studies; The Priory Witham Academy develops a curriculum model with a seamless transition from each stage of learning to the next, from early years, to primary, to secondary; while The Priory City of Lincoln, The Priory Witham and the Priory Ruskin Academies focus on the development of vocational and work-related education.

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014 (continued)

All pupils, at any age, are able to access the most appropriate provision, offered in any of the four Academies to suit their particular interests and needs. The four Academies, working as a Federation, enable a common approach to be taken to values and principles, standards, utilisation of management expertise, use of resources, and to the creation of a broad and rich opportunity for young people to achieve their maximum potential.

The Academies provide enriched provision and integrated services for children and young people in the area, including comprehensive extended services, and enable a wide range of services and facilities to be made available to the community which supports and complements the local authority's children's services vision and plan as well as the five key outcomes for children and young people.

Equal Opportunities Policy

The trustees recognise that equal opportunities is an integral part of good practice within the workplace. The Priory Federation of Academies aims to maintain equal opportunity in all areas of its activities, including a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of The Priory Federation of Academies. The policy of The Priory Federation of Academies is to support recruitment and retention of students and employees with disabilities. The Priory Federation of Academies does this by adapting the physical environment, by making support resources available and through training and career development.

Public Benefit

1. To advance for the public benefit education in The City of Lincoln and the surrounding area including Grantham, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum with a strong emphasis on, but in no way limited to, either one or a combination of the specialisms. The specialisms are The Priory Academy LSST – Technology and Science; The Priory Witham Academy – Performing Arts and Business and Enterprise; The Priory City of Lincoln Academy – Engineering and Sport; and The Priory Ruskin Academy – Sport and Health and Visual Arts.
2. To provide facilities for recreational and other leisure time occupation for the community at large, in the interests of social welfare and with the interest of improving the life of the said community.

In accordance with the guidance laid down by the EFA in the 2014 Accounts Direction, the trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

The Priory Federation of Academies is in its sixth year of operation and is very close to the forecast number of students. Total students in the period ended 31 August 2014 numbered close to 4,600.

Examination results for 2014 were as described by the Heads of School at the trustees' meeting in September 2014 and outlined below.

THE PRIORY ACADEMY LSST

GCSE results

Academic results for the Year 2013/14 were very pleasing and continue to ensure that our students are able to lead fulfilling and positive lives. In Key Stage 4, the headline measure pass rate for students achieving five or more A* to C grades (including English and Maths) was 93%. We were really encouraged by the high levels of student progress that were achieved in English, Maths and Science – well above the national average in all cases. The government announced that it would not record the results of resits in league tables. If the tables were to have contained this information, the results would have been 95% 5+A*-C including English and Maths.

A-Level results

With a 98% pass rate in the Upper Sixth, more than 200 of our students started university in September 2014. Looking at their institution and course choices, they are likely to be making significant contributions to society once they have graduated. Other students have already entered into exciting and demanding training and apprenticeship contracts, including one with Rolls-Royce. Thirty-one students gained a minimum of three A grades (many of them achieved significantly more). We had our usual Oxbridge and Medics successes and are delighted that more than 40% of our students chose to attend Russell Group universities. Over half of our students are now taking Medical, Science, Architecture, Maths and Engineering degrees, with the rest focusing on Law, Accountancy, Humanities, Social Sciences, Music and the Arts.

Community involvement

The Priory Academy LSST has worked hard to develop its role within the community. More than 120 primary school students attend classes every week. Students from local primary schools visit the Planetarium, experience Science Days and use our swimming pool. Local groups have access to the Priory's sports facilities and students have access to Priory Leisure facilities beyond the school day and on a Saturday morning.

More than 400 students from across the county attended The Priory's Oxbridge Day. Our specialist staff provide support for our students and others across the Trust in making university applications.

More than 40% of our Year 11 students enrolled on the National Citizenship Service programme and feedback was very positive. As an NCS Champion school, we promote this award to students across the Trust.

The Priory is contributing to the further development of the Trust as a learning community through the adoption of: common CPD opportunities, a coordinated meetings programme and the expansion of Post-16 provision.

The Cheney Boarding House is now two years old, which means that the first students have successfully progressed to Higher Education or to training courses. Parental and student feedback has been very positive.

External partnerships

The major strategic development at The Priory has been the Teaching School Alliance. There are currently 17 schools working in the alliance, with a common commitment to developing the school-led system for school improvement. As a result, the Teach Direct programme has expanded, CPD courses are led by members of the teaching school and school-to-school support is having an impact on improving standards. The Teaching School is also in the process of writing a bid to run a SCITT programme (School Centred Initial Teacher Training), which is aimed at increasing the number of trainee teachers in Lincolnshire.

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014 (continued)

The Priory is already a Space Hub School, in alliance with the National Space Centre in Leicester, and a designated Science Learning Centre Hub – a regional centre for career development among science teachers and technicians. Both of these partnerships support the work of the Teaching School alliance. We are working much more closely with the University of Lincoln on a range of projects that will be of benefit to our students and staff.

THE PRIORY RUSKIN ACADEMY

GCSE results

The Priory Ruskin Academy achieved 48% 5A*-C including English and Maths. 3 levels of progress in English increased from 62% (2013) to 72%; Maths increased from 62% to 64%.

5A-C including Maths and English for disadvantaged students has increased from 19% to 33%.

A-Level results

Year 13 achieved a pass rate of 96%, with 24% of grades being A-B. Year 12 achieved a pass rate of 93% (2013 results: 63%), with 44% of the grades being A-B. 60% of our Year 13 leavers went onto University.

Post-16 student numbers have increased to 114 from 67 in the previous year.

Ofsted

Ofsted carried out an inspection in May 2014 and the Academy achieved Good in all areas. We have a clear plan that will move us to Outstanding in the next two years; this centres on moving progress in the classroom, with all groups of students, to Outstanding. The main drive will be through our Quality Assurance process and continuous professional development that supports the outcomes.

New Build

Students, teachers and support staff moved into the new Priory Ruskin Academy building in May 2014, after four years operating over two sites. There are plans for an official opening of the Academy in September 2015.

Roles and responsibilities in English, Maths and Science departments have been realigned. The new appointments and structures make the most of our strong middle leaders.

Community Involvement

The Academy secured Investors in People Award (Bronze) and is the only Lincolnshire school to achieve Enhanced Healthy Schools Award.

The Academy is working closely with six primary schools to support booster sessions in cooking, science, English, Maths and DT and, over the course of the next year, are looking to achieve Careers Mark 6 and The Arts Award.

THE PRIORY CITY OF LINCOLN ACADEMY

GCSE results

In 2014, the percentage of Year 11 students achieving five or more A* to C grades (including English and Maths) increased further to 46.3%. English results for students attaining A*-C grades further improved to 70.6% and 74% of the students made three levels of progress in English. A*-C results in English, Core Science, Additional Science, German, French and Hospitality were all above the national average. The attainment gap narrowed for students with Pupil Premium and the gap for SEND students narrowed from 32% (2013) to 21.3% (2014). At Key Stage 4, there was a high pass rate in vocational subjects.

A-Level results

Year 13 Average Point Score per Student and per Entry further improved from 2013. The Level 3 Value Added Score for Vocational Courses showed rapid improvement from 2013. We intend to build on this improvement through curriculum design and enhanced teaching and learning.

Community involvement

During the academy day in the winter term, six different primary schools are using our pool facilities. In the summer term, this extends to 10 primary schools.

After the academy closes each day, the facilities continue to be used by the local community. 540 children are currently taught to swim as part of the 'Junior Learn to Swim' programme. Throughout the course of a week, there are approximately 20 different groups hiring our Sports Centre facilities to run sporting activities. Over the academic year 2013/14, a 3G football pitch was built at PCLA through joint sponsorship with the FA and The Priory Federation of Academies. It opened in July 2014. 31 clubs use the facility outside of academy hours with a total of 48 bookings (64% usage) per week. 59% of bookings support grassroots football.

External relationships

A strong link was developed with Gelders Educational Training during the academic year, ensuring the curriculum for Year 12 (commencing September 2014) offered City & Guilds courses in Hospitality and Construction.

The Academy became the first Career Academy in Lincolnshire in 2013/14. Twelve students successfully completed their year in the Career Academy and will graduate in November 2014. This has enabled us to establish strong links with both local and national businesses.

THE PRIORY WITHAM ACADEMY

Foundation Stage 2

43% of children achieved a 'Good Level of Development' at the end of the Early Years Foundation Stage in 2014. Rigorous internal and external moderation has been undertaken to ensure accuracy of best fit judgements; LA external moderation has also been undertaken. The recommendations from the visit have been actioned and the Academy has requested an external moderation for 2014/15 Early Years Foundation Stage Profile outcomes.

Key Stage 1

There has been an upward trend in attainment in all areas, with the exception, as anticipated, of English Writing. There has been extensive work in developing writing and the assessment of writing across the Academy this year. Rigorous moderation and quality assurance of teacher assessment is now established.

Attainment in English Reading is very close to the national averages (2013), with 86% of pupils attaining Level 2 or above. There is also an improving trend in the percentage of pupils attaining 2a (31%) and Level 3 (10%) in comparison to 2013.

Attainment in Mathematics has met the 91% national average (2013) for the percentage of pupils attaining Level 2 or above at the end of Key Stage 1. There was a 10% increase in the number of pupils attaining Level 3 in Mathematics compared to 2013.

Key Stage 2

Two levels progress in Reading reached 93% in 2014, above the floor standard of 91% and significantly above the 77% two levels progress in 2013. Three levels progress in Maths increased from 11% in 2013 to 24% in 2014. Average Point Score (APS) has increased from 25.6 (2013) to 28.4 (2014) and L4+(four or more levels of progress) has increased by 10% to 69%, closing the gap between national and academy attainment. Grammar and Punctuation, Spelling (GAPS) attainment has improved significantly – L4+ 46% (2013) up to 69% (2014). More thorough and externally moderated Writing assessment has now brought this subject more into line with Maths and Reading in terms of accuracy.

GCSE results

Our KS4 results showed a four per cent increase to 47% of students achieving five or more A* to C grades (including English and Maths) at GCSE. Attainment in all vocational subjects was at 100% pass or above.

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014 (continued)

The percentage of children making three or more levels of progress in English was 92% compared to a national average of 72.3% in 2014. The percentage of children making three or more levels of progress in Maths increased to 59%. Progress was at least good in the majority of vocational courses, with many being outstanding.

Almost 90% of students achieved 5 or more A* to G grades, very close to the national average.

All Year 13 students left for planned future pathways, with 61% continuing into further/higher education.

Community involvement

The Academy continues to work closely with the local community. Our Day Care Nursery is oversubscribed and future expansion is currently being planned. The Family Centre remains popular, with courses running daily. The Academy maintains close links with local businesses, such as Sainsbury's, and outside agencies, including the local Police.

The Academy facilities are shared with the local community and lettings take place every evening and weekend. We offer scholarships to the Lincoln Theatre Royal School of Performing Arts, Lindsey Ellis Dance and Lincoln Netball.

External relationships

Throughout the year, the Academy has developed strong links with the Lincolnshire Young Journalists Academy, the Jon Egging Trust's Blue Skies programme and the National Citizenship Service. A significant number of young people have benefited from these projects as a result. The Academy was awarded School of the Year in the 2014 Lincoln Group Training Association (LGTA) Construction week event.

FINANCIAL REVIEW

Going Concern

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

Financial Report for the Period

The majority of The Priory Federation of Academies' income is obtained from the DfE (Department for Education) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Priory Federation of Academies also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total income was £42,467,000.

Net book value of fixed assets was £98,967,000.

Financial and Risk Management Objectives and Policies

Reserves Policy

The trustees review the reserve levels of The Priory Federation of Academies annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free cash reserves should be approximately £1.5 million. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Priory Federation of Academies' current level of unrestricted reserves is £1,296,000 with a further £9,269,000 of unspent (restricted) grant monies. In total the level of reserves comprises approximately 4 month's recurring expenditure.

Restricted funds designated for a particular purpose such as unspent start-up grants are disclosed in note 15 to these accounts. These funds will be expended as required dependent upon the level of core funding in the following year.

Investment Policy

Investments must be made only in accordance with written procedures approved by the Federation Trust.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Any investment must first be approved by the Trust's Finance Committee. However, any investments are in the form of interest-bearing zero-risk deposits in UK high street bank accounts.

The Priory Federation of Academies (Registered number 06462935)

The Trustees' Report for the Year Ended 31 August 2014 (continued)

Principal Risks and Uncertainties

General

The major risks to which the Academy Trust is exposed have been identified and reviewed by the trustees and systems and procedures are in place to manage them. The principal risks are noted below. Pupil numbers are monitored regularly and budgets, including staffing, are adjusted accordingly. In particular, the impact of ongoing reduced funding for 6th Form provision is being considered.

The Priory Academy LSST

The Priory Academy LSST continues to be oversubscribed and so its projected pupil numbers are fairly static.

The Priory Academy LSST Boarding Wing, which opened in September 2012, is already at capacity and making a financial surplus that is within statutory guidelines.

The Priory City of Lincoln Academy

During 2010/11/12, the Priory City of Lincoln Academy pupil numbers reduced, but the Y7 intake numbers recovered somewhat in 2013/14 and this trend is expected to continue as the Academy continues to enhance its reputation. The Academy broke even in 2013/14, but there will be increased pressure on financial performance in 2014/15.

The Priory Witham Academy

Despite the new build in 2010/11/12, the Priory Witham Academy pupil numbers increased and the projected pupil numbers are expected to continue to increase.

The Priory Ruskin Academy

The Priory Ruskin Academy opened on its new site and buildings in May 2014. Despite the disruption, achievement levels did not fall, and pupil numbers continue to increase.

The Centre des Etoiles

The use and effectiveness of the Centre des Etoiles as a residential curriculum centre is reviewed annually as part of the Trust's ongoing development plan.

The Laughton Curriculum Centre

After an extensive review of the educational and financial risks in the light of significant changes to the educational environment in the provision of an alternative curriculum, the trustees agreed to seek approval to dispose of this facility. Final permission for sale was obtained from the DfE in August 2014, albeit with some restrictive overage clauses, and the property was due to be on the market by November 2014. Proceeds will be invested in the Trust's alternative provision strategy.

PLANS FOR FUTURE PERIODS

The Federation will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students obtain jobs or a place in higher education once they leave. The Federation also intends to sustain recruitment at the agreed levels.

The Trustees' Report for the Year Ended 31 August 2014 (continued)

AUDITOR

In so far as the trustees are aware:

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

The auditor, Duncan & Toplis, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 8 December 2014 and signed on the board's behalf by:



H Gee
Chair of Trustees

The Priory Federation of Academies (Registered number 06462935)

Governance Statement for the Year Ended 31 August 2014

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Priory Federation of Academies 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 formally met four 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
H D Gee (Chair)	3	4
K Hindmarch	3	3
I Jones	4	4
J Kirton	3	4
F Knowles	4	4
D Knowles	3	4
S Richardson	4	4
P Murphy	4	4
S Milner	4	4
D Harry	4	4
J Powell	4	4
P Houten	3	4
R Kirk	1	2

During the year, Kate Hindmarch resigned in order that the Trust was able to comply with EFA direction on related party transactions. June Kirton resigned at the end of her four-year term of office in September 2014. The Trust thanks both for their expertise and dedication to the Trust's aims and objectives.

The Finance Committee is a sub-committee of the main board of trustees. Its main purposes, among those set out in its Terms of Reference, are to monitor the annual budget of the Trust and its performance to budget, to approve certain expenditure and to recommend the Annual Report to the Trust.

Attendance at Finance Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
D Harry (Chair)	7	8
H Gee	8	8
I Jones	8	8
F Knowles	8	8

The Education & Standards Committee is a sub-committee of the main board of trustees. Its main purpose, among those set out in its Terms of Reference, is to monitor educational standards.

The Priory Federation of Academies (Registered number 06462935)

Governance Statement for the Year Ended 31 August 2014 (continued)

Attendance at Education & Standards Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
F Knowles (Chair)	6	6
J Kirton	5	6
S Milner	4	6
I Jones	6	6

The Pay, Performance & HR Committee is a sub-committee of the main board of trustees. Its main purpose, among those set out in its Terms of Reference, is to monitor HR issues and to carry out the performance management process for Heads and Federation staff Directors.

Attendance at Pay, Performance & HR Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
K Hindmarch (Chair)	6	6
H Gee	6	6
I Jones	6	6

The Audit Committee is a sub-committee of the main board of trustees. Its main purpose, among those set out in its Terms of Reference, is to receive external audit and internal audit reports, and to report the same to the full trust.

Attendance at Audit Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
J Powell (Chair)	4	4
P Houten	4	4
D Finch (co-opted non-Trustee)	4	4

The Strategic Development Committee is a sub-committee of the main board of trustees. Its main purposes, among those set out in its Terms of Reference, are to recommend future strategic direction to the Trustees and to oversee the Risk Register.

Attendance at Strategic Development Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
H Gee (Chair)	2	2
K Hindmarch	2	2
S Richardson	2	2
D Knowles	2	2
I Jones	2	2
Including joint finance meeting:		
F Knowles	1	1
D Harry	1	1

Governance Reviews

An evaluation of governance was commissioned by the Trust board in July 2014 from an experienced external consultant to assess the effectiveness of current arrangements in line with the Trust's future strategy. Following the summer holidays, and after one-to-one discussions with trustees, the draft report was due to be considered at a meeting of the Strategic Development Committee in November 2014, to which all trustees were invited. Recommendations were to be made to the full Trust meeting in December 2014, following which any agreed changes in governance would be adopted, including recommendations to members for any changes to the Articles.

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 The Priory Federation of Academies' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Priory Federation of Academies for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The Academy 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 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 decided to appoint Mazars as internal auditor.

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

The internal auditor carried out their schedule of work as planned and no material control issues arose.

The Priory Federation of Academies (Registered number 06462935)

Governance Statement for the Year Ended 31 August 2014 (continued)

Review of Effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and the Finance Committee and a plan to ensure continuous improvement of the systems is in place.

Approved by order of the members of the Governing Body on 8 December 2014 and signed on its behalf by:



H Gee
Chairman



I Jones
Accounting Officer

The Priory Federation of Academies (Registered number 06462935)

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2014

I have considered my responsibility to notify the Academy Trust governing body 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. 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 governing body 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.



I Jones
Accounting Officer
8 December 2014

The Priory Federation of Academies (Registered number 06462935)

Statement of Trustees' Responsibilities for the Year Ended 31 August 2014

The trustees for charitable activities of The Priory Federation of Academies, who are also the directors of the charitable company for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that, in its conduct and operation, the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 on 8 December 2014 and signed on its behalf by:



H Gee
Chairman

The Priory Federation of Academies (Registered number 06462935)

**Report of the Independent Auditors to
the members of The Priory Federation of Academies**

We have audited the financial statements of The Priory Federation of Academies for the year ended 31 August 2014 on pages 25 to 63. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEE AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

UNQUALIFIED OPINION

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustee's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

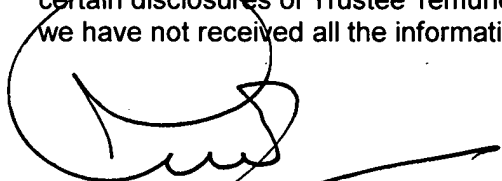
The Priory Federation of Academies (Registered number 06462935)

**Report of the Independent Auditors to
the members of The Priory Federation of Academies (continued)**

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.



Nicholas Cudmore FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Ltd
Chartered Accountants and
Statutory Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 8th December 2014

**INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF
THE PRIORY FEDERATION OF ACADEMIES**

In accordance with the terms of our engagement letter dated 12 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Priory Federation of Academies during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Priory Federation of Academies and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Priory Federation of Academies and the 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 The Priory Federation of Academies and the EFA, for our work, for this report, or for the conclusion we have formed.

Retrospective responsibilities of The Priory Federation of Academies' accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Priory Federation of Academies' funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2014 issued by the 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.

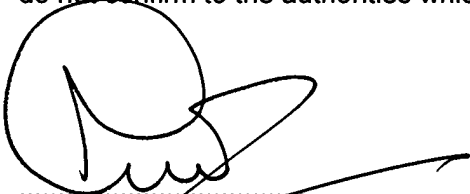
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

**INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF
THE PRIORY FEDERATION OF ACADEMIES (CONTINUED)**

Conclusion

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



Nicholas Cudmore FCA
Duncan & Toplis Ltd
Chartered Accountants and Statutory Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 8th December 2014

The Priory Federation of Academies (Registered number 06462935)

Statement of Financial Activities

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

For the Year ended 31 August 2014

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Endowment Fund £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
INCOMING RESOURCES							
Incoming resource from generated funds							
Sponsorship	3	3	-	-	-	3	3
Voluntary income	4	-	-	-	-	-	605
Activities for generating funds	5	234	845	-	-	1,079	726
Investment income	2	90	48	-	-	138	99
Incoming resources from charitable activities:							
Funding for the Academy's educational operations	7	-	27,257	-	-	27,257	28,836
Other incoming resources	6	-	1,032	-	12,367	13,399	1,392
Provision of boarding activities	20	-	591	-	-	591	327
TOTAL INCOMING RESOURCES		327	29,773	-	12,367	42,467	31,988
RESOURCES EXPENDED							
Cost of generating funds							
Charitable activities:							
Academy's educational operations	10	-	27,209	-	3,905	31,114	30,503
Provision of boarding activities	20	-	402	-	2	404	351
Governance costs	11	-	178	-	-	178	189
TOTAL RESOURCES EXPENDED		126	28,446	-	3,907	32,479	31,598
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS							
		201	1,327	-	8,460	9,988	390
Gross transfers between funds	17	-	(1,091)	-	1,091	-	-
NET INCOME/ (EXPENDITURE) FOR THE YEAR		201	236	-	9,551	9,988	390
OTHER RECOGNISED GAINS AND LOSSES							
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(1,459)	-	-	(1,459)	294
NET MOVEMENT IN FUNDS		201	(1,223)	-	9,551	8,529	684
RECONCILIATION OF FUNDS							
Total funds brought forward at 1 September 2013		1,095	7,849	500	89,688	99,132	98,448
FUNDS CARRIED FORWARD AT 31 AUGUST 2014		1,296	6,626	500	99,239	107,661	99,132

The notes form part of these Financial Statements.

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

Included in total resources expended is an impairment loss of £nil (2013: £625,000).

All of The Priory Federation of Academies' activities are derived from continuing operations for the above two periods.

The Priory Federation of Academies (Registered number 06462935)

Balance Sheet
as at 31 August 2014

	Note	2014 £000	2013 £000
FIXED ASSETS			
Tangible assets	12	98,967	88,782
CURRENT ASSETS			
Stock	14	21	25
Investments	13	-	-
Debtors	15	1,036	1,719
Cash at bank and in hand		<u>13,558</u>	<u>12,534</u>
		14,615	14,278
CREDITORS			
Amounts falling due within one year	16	<u>(3,278)</u>	<u>(2,977)</u>
NET CURRENT ASSETS		11,337	11,301
TOTAL ASSETS LESS CURRENT LIABILITIES		110,304	100,083
Pension scheme liability	26	(2,643)	(951)
NET ASSETS INCLUDING PENSION LIABILITY		<u>107,661</u>	<u>99,132</u>
FUNDS OF THE ACADEMY:			
RESTRICTED FUNDS			
Restricted general funds	17	9,269	8,801
Endowment funds	17	500	500
Restricted fixed asset funds	17	99,239	89,688
Pension reserve	17	<u>(2,643)</u>	<u>(951)</u>
Total restricted funds		106,365	98,038
UNRESTRICTED FUNDS			
General fund	17	<u>1,296</u>	<u>1,094</u>
Total unrestricted funds		1,296	1,094
TOTAL FUNDS		<u>107,661</u>	<u>99,132</u>

The financial statements on pages 25 to 63 were approved by the Board of Trustees, and authorised for issue on 8 December 2014 and signed on their behalf by:



.....
H Gee
Chairman

The Priory Federation of Academies (Registered number 06462935)

Cash Flow Statement
for the Year ended 31 August 2014

		2014	2013
		£000	£000
	Note		
Net cash inflow from operating activities	30	2,656	2,656
Returns on investments and servicing of finance	31	93	101
Capital expenditure	32	(1,725)	(37)
Increase in cash in the year	33	<u>1,024</u>	<u>2,720</u>
Reconciliation of net cash flow to movement in net funds			
Net Funds at 1 September		12,534	9,814
Net funds at 31 August		<u>13,558</u>	<u>12,534</u>

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency (EFA) and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

Grants receivable

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

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

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

Sponsorship income

Sponsorship income provided to The Federation of Academies which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable.

Donations

Donations are included in the Statement of Financial Activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Other income

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

Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to The Priory Federation of Academies are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to The Priory Federation of Academies can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with The Federation of Academies policies.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

PRINCIPAL ACCOUNTING POLICIES (continued)

Long term lease of property

In accordance with SSAP21 when a long term lease has been entered into by The Priory Federation of Academies following the procurement of a new build through the Partnership for Schools the cost of the new build together with the cost of the original land and any remaining buildings is included in the appropriate fixed asset category and depreciated over its useful economic life in accordance with The Priory Federation of Academies accounting policy regarding tangible fixed assets.

Resources expended

Resources expended are recognised in the period in which they are incurred. They have been classified under headings that aggregate all costs relating to that activity.

As of 1 April 2011 The Priory Federation of Academies was registered for VAT under the partial exemption scheme, this therefore means that some resources are included in the accounts inclusive of irrecoverable VAT and some are included excluding VAT.

Allocation of costs

In accordance with the Charities' SORP, expenditure has been analysed between the cost of generating funds, The Priory Federation of Academies' charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

Governance costs

Governance costs include the costs attributable to The Priory Federation of Academies compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of The Priory Federation of Academies at the discretion of the Trustees.

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes as explained in note 17.

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.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets acquired since The Priory Federation of Academies was established are included in the accounts at cost, net of depreciation and any provision for impairment.

Assets costing less than £2,500 are written off in the year of acquisition. All other assets are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the Balance Sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation

Depreciation is provided on a reducing balance basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principle annual rates used are:

Freehold property	2%
Leasehold improvements	2-15%
Computer equipment	30%
Motor vehicles	15%
Plant and machinery	15%
Fixture and fittings	15%

No depreciation is charged on the value of land included within freehold property.

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

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Priory Federation of Academies 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 Priory Federation of Academies 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.

As of 1 April 2011 The Priory Federation of Academies was registered for VAT under the partial exemption scheme, this therefore means that some resources are included in the accounts inclusive of irrecoverable VAT and some are included excluding VAT.

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

PRINCIPAL ACCOUNTING POLICIES (continued)

Pensions

Retirement benefits to employees of The Priory Federation of Academies 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 The Priory Federation of Academies.

Teachers' Pension Scheme

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 quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

In accordance with DfE guidance the deficit on the LGPS is set off against restricted funds.

Leasing commitments

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

Investments

The academy's shareholding in the wholly owned subsidiary Laughton Livery Centre Ltd. is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

1 GENERAL ANNUAL GRANT (GAG)

A new funding agreement in place with the EFA has seen the removal of any carry forward limits, which is in accordance with the Academies' Financial Handbook 2014.

2 INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Bank interest received	90	-	90	98
Pension finance income	-	48	48	1
	90	48	138	99

3 SPONSORSHIP INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Interest received on sponsorship funds	3	-	3	3
	3	-	3	3

4 VOLUNTARY INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Donations in kind - Capital	-	-	-	605
	-	-	-	605

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

**5 ACTIVITIES FOR
GENERATING FUNDS**

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Lettings and hire of facilities	83	-	-	83	81
Catering income	-	548	-	548	510
Music tuition	-	32	-	32	38
Teaching Alliance	-	191	-	191	-
Sports Partnerships	-	74	-	74	-
Priory Lincoln Academy Sports Centre	151	-	-	151	97
	234	845	-	1,079	726

**6 OTHER INCOMING
RESOURCES**

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Sports England	-	-	225	225	150
Minibus income	-	20	-	20	18
Livery Activities	-	-	-	-	16
Nursery income	-	198	-	198	187
Staff on secondment	-	38	-	38	97
Insurance claims	-	-	-	-	11
Sundry income	-	86	-	86	172
Residential centre trip income	-	139	-	139	123
Capital Property Transfer	-	-	12,142	12,142	-
School Private Funds	-	551	-	551	618
	-	1,032	12,367	13,399	1,392

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

7 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
DfE/ EFA funding					
General Annual Grant (GAG) (note 1)					
- The Priory Academy LSST	-	9,028	-	9,028	8,869
- The Priory City of Lincoln Academy	-	4,366	-	4,366	4,857
- The Priory Witham Academy	-	5,431	-	5,431	5,460
- The Priory Ruskin Academy	-	5,991	-	5,991	6,203
 Start up grants					
- The Priory Academy LSST	-	-	-	-	70
- The Priory Witham Academy	-	4	-	4	15
- The Priory Ruskin Academy	-	11	-	11	322
 Capital formula grants					
- The Priory Academy LSST	-	36	-	36	25
- The Priory City of Lincoln Academy	-	7	-	7	13
- The Priory Witham Academy	-	19	-	19	13
- The Priory Ruskin Academy	-	39	-	39	13
 Summer School funds					
- The Priory Academy LSST	-	14	-	14	-
- The Priory City of Lincoln Academy	-	24	-	24	-
- The Priory Witham Academy	-	16	-	16	-
- The Priory Ruskin Academy	-	28	-	28	-
 Pupil Premium grant					
- The Priory Academy LSST	-	125	-	125	84
- The Priory City of Lincoln Academy	-	219	-	219	178
- The Priory Witham Academy	-	398	-	398	304
- The Priory Ruskin Academy	-	221	-	221	166
 Rates Relief Funding					
- The Priory Academy LSST	-	72	-	72	-
- The Priory City of Lincoln Academy	-	63	-	63	-
- The Priory Witham Academy	-	66	-	66	-
- The Priory Ruskin Academy	-	37	-	37	-
 Other grants					
- WGA grant	-	-	-	-	4
- Teachers grant	-	-	-	-	31
- 16-18 Bursary	-	45	-	45	72
- Other grants	-	11	-	11	-
 DfE/ EFA funding	-	26,271	-	26,271	26,699

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

7 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS (continued)

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Total brought forward	-	26,271	-	26,271	26,699
Other Government grants					
Partnership for Schools					
- The Priory Ruskin Academy	-	-	-	-	1,000
Standards funds					
- The Priory Academy LSST	-	-	-	-	-
- The Priory City of Lincoln Academy	-	-	-	-	-
- The Priory Ruskin Academy	-	7	-	7	13
Special education needs					
- The Priory Academy LSST	-	83	-	83	50
- The Priory City of Lincoln Academy	-	116	-	116	111
- The Priory Witham Academy	-	199	-	199	212
- The Priory Ruskin Academy	-	65	-	65	104
Other grants					
- The Priory Academy LSST	-	7	-	7	79
- The Priory Witham Academy	-	412	-	412	317
- The Priory Ruskin Academy	-	27	-	27	45
- The Priory City of Lincoln Academy	-	(8)	-	(8)	2
	-	908	-	908	1,933
Other educational bodies					
Graduate teacher income					
- The Priory Academy LSST	-	-	-	-	-
- The Priory City of Lincoln Academy	-	-	-	-	29
- The Priory Witham Academy	-	-	-	-	16
- The Priory Ruskin Academy	-	-	-	-	11
Other educational income					
- The Priory Academy LSST	-	-	-	-	16
- The Priory City of Lincoln Academy	-	24	-	24	64
- The Priory Witham Academy	-	8	-	8	15
- The Priory Ruskin Academy	-	46	-	46	53
	-	78	-	78	204
	-	27,257	-	27,257	28,836

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

8 RESOURCES EXPENDED

	Non pay expenditure				
	Staff Costs £000	Premises £000	Other £000	Total 2014 £000	Total 2013 £000
Costs of generating voluntary income	220	-	563	783	555
Costs of educational operations:					
- Direct costs	17,591	-	6,408	23,999	24,256
- Allocated support costs	3,338	1,222	2,555	7,115	6,248
Boarding activities:					
- Direct costs	-	-	74	74	51
- Allocated support costs	217	-	113	330	300
	21,146	1,222	9,150	31,518	30,855
Governance costs including allocated support costs	-	-	178	178	188
	-	-	178	178	188
	21,366	1,222	9,891	32,479	31,598

Incoming/outgoing resources for the year include:	2014 £000	2013 £000
Operating leases	191	211
Depreciation of tangible fixed assets	3,907	3,940
Impairment of tangible fixed assets	-	625
Auditors' remuneration - Payable to External Auditors - statutory audit	25	28
- Payable to External Auditors - other services	4	2
- Payable to Internal Auditors - internal audit	9	-
- Payable to Internal Auditors - other services	2	-
- Other Services provided by other audit firms	-	11
(Loss) on disposal of fixed assets	(1)	(1)

Included within resources expended are the following transactions:

No individual transactions on these items exceed £5,000.

Nature of payment/expenditure:	2014 £
Gifts made by the Trust	85
Fixed asset losses	216
Stock losses	627
Unrecoverable debts	5,494

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

9 COST OF GENERATING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Activities for generating funds					
Sports centre staff costs	91	-	-	91	50
Other Sports centre costs	35	-	-	35	27
Teaching Alliance costs	-	167	-	167	-
Sports Partnership costs	-	16	-	16	-
Catering funded by dinner monies	-	442	-	442	441
Music tuition	-	32	-	32	37
	126	657	-	783	555

10 CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Academies educational operations					
Teaching and educational support staff costs	-	17,591	-	17,591	17,150
Books, materials and stationery	-	1,163	-	1,163	935
Uniforms	-	1	-	1	3
Examination fees	-	440	-	440	527
Staff development and training	-	201	-	201	197
Depreciation	-	-	3,905	3,905	4,564
Residential Centre Educational costs	-	231	-	231	208
Alternative Curriculum costs	-	3	-	3	145
School Private Funds	-	464	-	464	486
	-	20,094	3,905	23,999	24,215
Boarding costs (Direct costs)	-	72	2	74	51
		20,166	3,907	24,073	24,266

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

10 CHARITABLE ACTIVITIES (continued)

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Allocated support costs					
Support staff	-	3,338	-	3,338	2,844
Pupil recruitment and support	-	121	-	121	76
Maintenance of premises and equipment	-	1,222	-	1,222	1,007
Cleaning	-	592	-	592	620
Rent, rates and water	-	239	-	239	215
Heat and light	-	695	-	695	662
Insurance	-	235	-	235	262
Telephone	-	120	-	120	95
Transport	-	146	-	146	170
Catering	-	111	-	111	60
Other support costs	-	285	-	285	221
Residential Centre Support Costs	-	11	-	11	57
	-	7,115	-	7,115	6,289
Boarding costs (Support costs)	-	330	-	330	300
Total support costs	-	7,445	-	7,445	6,589
Total direct and support costs	-	27,611	3,907	31,518	30,855

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

11 GOVERNANCE COSTS

	2014	2013
	£000	£000
Support costs personnel	18	18
Responsible officer	-	10
Legal fees	120	120
Auditor's remuneration payable to external auditors:		
- Audit of Financial Statements	25	28
- Other Audit and Advisory Services	4	2
Auditor's remuneration payable to internal auditors:		
- Internal audit services	9	-
- Other services	2	-
Payable to other advisers - non audit remuneration	-	11
	<hr/> 178	<hr/> 189

12 TANGIBLE FIXED ASSETS

	Freehold Property £000	Leasehold and Improvements £000	Computer Equipment £000	Motor Vehicles £000
Cost or valuation				
At 1 September 2013	6,824	73,651	4,089	42
Additions	-	9,496	667	-
At 31 August 2014	<hr/> 6,824	<hr/> 83,147	<hr/> 4,756	<hr/> 42
Accumulated depreciation and impairment provisions				
At 1 September 2013	993	2,773	2,014	23
Charged in period	86	1,346	784	4
At 31 August 2014	<hr/> 1,079	<hr/> 4,119	<hr/> 2,798	<hr/> 27
Net book values				
At 31 August 2013	<hr/> 5,846	<hr/> 70,863	<hr/> 2,075	<hr/> 19
At 31 August 2014	<hr/> 5,745	<hr/> 79,028	<hr/> 1,958	<hr/> 15

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

12 TANGIBLE FIXED ASSETS (continued)

	Plant and Machinery £000	Fixtures and Fittings £000	Total £000
Cost or valuation			
At 1 September 2013	10,346	3,415	98,367
Additions	2,699	1,234	14,096
Disposals	(8)	-	(8)
At 31 August 2014	13,037	4,649	112,455
Accumulated depreciation and impairment provisions			
At 1 September 2013	2,806	976	9,585
Charged in period	1,246	441	3,907
Disposals	(4)	-	(4)
At 31 August 2014	4,048	1,417	13,488
Net book values			
At 31 August 2013	7,540	2,439	88,782
At 31 August 2014	8,989	3,232	98,967

Following the completion of the new builds at The Priory City of Lincoln Academy, The Priory Academy LSST, The Priory Witham Academy and The Priory Ruskin Academy, long-term leases were finalised for these sites. However no rent is actually charged by the Local Authority. After full consideration of the Academies Accounts Direction, the Federation has recognised the assets as leasehold property. The valuation was made by the Trustees based on the market value of the remaining land and buildings together with the cost of the new builds.

Included within fixed assets is leasehold land of £8,341,981 (2013: £8,197,063) which is not depreciated.

The Federation's transactions relating to Land and Buildings included the take-up on a leasehold basis of the newly-built Priory Ruskin Academy premises (Rushcliffe Road, Grantham), which was handed over on 19 May 2014. Valuation at this date was £144,918 for land and £8,608,067 for buildings.

The long-term lease has yet to be signed, until which time a Licence to Occupy is in place.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

13 CURRENT ASSET INVESTMENTS

	2014	2013
	£	£
Cost at 1 September	1	-
Additions	-	1
Cost at 31 August	<u>1</u>	<u>1</u>

The Trust's investments at the balance sheet date in the share capital of companies include the following;

Laughton Livery Centre Ltd

Nature of business : Livery centre

	% holding		
Class of shares:	100		
Ordinary			
		2014	2013
		£	£
Aggregate capital and reserves		2,079	8,993
Profit/(loss) for the period		(6,914)	8,992

The company ceased to trade on 31 October 2013.

14 STOCK

	2014	2013
	£000	£000
Livestock	-	4
General books and stationery	21	21
	<u>21</u>	<u>25</u>

15 DEBTORS

	2014	2013
	£000	£000
Trade debtors	203	252
Prepayments and accrued income	614	1,257
Other taxes - VAT	215	161
Other debtors - The Priory Fundraising Trust	-	2
Other debtors	4	-
Due from subsidiary - Laughton Livery Centre Ltd	-	47
	<u>1,036</u>	<u>1,719</u>

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£000	£000
Trade creditors	939	892
Accruals and deferred income	1,205	961
DfE/EFA creditors	433	480
Other creditors	321	279
Taxation and Social Security	380	365
	<hr/>	<hr/>
	3,278	2,977
	<hr/>	<hr/>

	2014	2013
	£000	£000
Deferred income		
Deferred income at 1 September	396	202
Resources deferred in the year	555	396
Amount released from previous year	(396)	(202)
	<hr/>	<hr/>
Deferred income at 31 August	555	396
	<hr/>	<hr/>

Deferred income at 31 August comprises:	2014	2013
	£000	£000
Boarding fees paid in advance	229	202
EFA grants re bursary and other grants	175	42
Lincolnshire County Council and other educational grants	31	15
National College – Teaching School	-	99
Alliance Membership	64	-
Other	56	38
	<hr/>	<hr/>
	555	396
	<hr/>	<hr/>

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

17 FUNDS

The income funds of The Priory Federation of Academies comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2013 £000	Incoming Resources £000	Resources Expended £000	Gains, (Losses) and Transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
General Annual Grant (GAG)	5,803	24,817	(23,639)	(1,091)	5,890
Start Up Grant	2,466	15	(15)	-	2,466
Other DfE/ EFA grants	20	1,441	(1,409)	-	52
Local government grants	85	908	(919)	-	74
Other educational bodies	14	78	(76)	-	16
Teaching Alliance	-	191	(167)	-	24
Sports Partnership	-	74	(16)	-	58
Provision for boarding	171	590	(402)	-	359
Other income	241	1,611	(1,522)	-	330
Pension reserve	(951)	48	(1,740)	-	(2,643)
	7,849	29,773	(29,905)	(1,091)	6,626
Restricted fixed asset funds					
DfE/EFA capital grants	7,876	-	(178)	1,094	8,792
Faraday Centre funding	588	-	(41)	-	547
Other educational bodies	48	-	(1)	-	47
School carry forwards	681	-	(14)	-	667
Priory Fundraising Trust	599	-	(6)	-	593
Sports England	147	-	(3)	-	144
Partnership for Schools	79,749	12,142	(3,664)	(3)	88,224
Football Foundation	-	225	-	-	225
	89,688	12,367	(3,907)	1,091	99,239
Restricted endowment					
Sponsorship	500	-	-	-	500
Total restricted funds	98,038	42,140	(33,812)	-	106,365
Unrestricted general funds					
General funds	1,095	327	(126)	-	1,296
Total unrestricted funds	1,095	327	(126)	-	1,296
Total funds	99,132	42,467	(33,938)	-	107,661

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

17 FUNDS (continued)

Analysis of Academies by fund balance

Fund balances at 31 August 2014 were allocated as follow:

	Total £000
The Priory Academy LSST	2,343
The Priory City of Lincoln Academy	760
The Priory Witham Academy	2,295
The Priory Ruskin Academy	1,765
Central services	3,902
Total before fixed assets and pension reserve	<u>11,065</u>
Restricted fixed asset fund	99,239
Pension reserve	<u>(2,643)</u>
Total	<u><u>107,661</u></u>

Analysis of academies by cost

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

	The Priory Academy LSST £000	The Priory City of Lincoln Academy £000	The Priory Witham Academy £000	The Priory Ruskin Academy £000	Central Services £000	Academy Trust £000
Teaching and Educational Support Staff Costs	5,869	2,709	3,483	3,616	1,915	17,592
Other Support Staff Costs	919	634	695	787	303	3,338
Educational Supplies	489	305	381	439	974	2,588
Other Costs (excluding Depreciation)	948	603	815	947	2,368	5,681
Total	<u>8,225</u>	<u>4,251</u>	<u>5,374</u>	<u>5,789</u>	<u>5,560</u>	<u>29,199</u>

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

17 FUNDS (continued)

Educational Income and Grants

General Annual Grant (GAG)

This will be expended on the provision of education and teaching activities.

Standards Funds

These funds are designated for the provision of education and teaching activities in accordance with the terms of the Standards Funds grant.

Start Up Funds

These funds are designated for the purchase of a basic stock of teaching and learning materials including library books, text books, software, stationery, science equipment, PE equipment and other consumables. A further element of this is set aside to fund any transitional costs and for the enhancement of education.

Pupil Premium Funds

These funds are designated for the provision of education and teaching activities in accordance with the terms of the Pupil Premium grant.

Teachers Grant Funds

These funds are designated for the provision of education and teaching activities in accordance with the terms of the Teachers grant.

16-19 Bursary Grant Funds

These funds are designated for the provision of bursaries to qualifying students in accordance with the terms of the 16-19 Bursary grant.

Training Development Agency Grant Funds

These funds are designated for the provision of training activities in accordance with the terms of the Training Development Agency grant.

Capital Formula Grant Funds

These funds are designated for the provision of capital assets in accordance with the terms of the Capital Formula grant.

Lincolnshire County Council Grant Funds

These funds are designated for the provision of various designated education and teaching activities in accordance with the terms of the relevant Lincolnshire County Council grant. This will include funding for Special Educational Needs, Standards and Other educational activities

Other Educational Bodies Grant Funds

These funds are designated for the provision of various designated education and teaching activities in accordance with the terms of the relevant educational body. This will include funding for Graduate Teachers and other educational income.

Transfers

The excess cost incurred in the provision of the relevant education and teaching activity over the relevant grant received is funded by a transfer from GAG.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

17 FUNDS (continued)

Activities for generating funds

Livery Activities

These funds will be expended on the provision of livery facilities by the Laughton Curriculum Centre.

Nursery Income

These funds are designated for the provision of day care nursery facilities by the Priory Witham Academy

Canteen Income

These funds will be used to maintain and provide catering provisions to the pupils of The Priory Federation of Academies.

Music tuition Income

These funds will be used on the provision of music tuition to the pupils of The Priory Federation of Academies.

Transfers

The excess cost incurred in the provision of the activity over the relevant income received is funded by a transfer from GAG

Restricted Endowment Funds

Endowment Reserve

This is a permanent reserve that is held as sponsorship for The Priory Federation of Academies. The income generated by the Endowment reserve is allocated to the General Restricted reserve which is used for the provision of education.

Transfers

There should be no outgoing transfers from the Endowment Reserve. The investment income earned on the Endowment Funds can be used by The Priory Federation of Academies as unrestricted funds.

Restricted Pension Reserve

LGPS FRS17 Reserve

In accordance with the latest EFA Accounts Direction this reserve is required in respect of the LGPS Pension Scheme calculated in accordance with FRS17.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

17 FUNDS (continued)

Other incoming resources

Pastoral Fund

These funds are designated for various educational or recreational trips and other activities to be undertaken by disadvantaged pupils of The Priory Federation of Academies.

Insurance claims

These funds will be expended on the cost of insurance claims made by The Priory Federation of Academies.

Minibus Income

These funds will be expended on the cost of minibus running costs for students incurred by The Priory Federation of Academies.

Trip Income, incorporating school funds

These funds will be expended on the cost of educational and other trips for students incurred by The Priory Federation of Academies.

Staff on secondment Income

These funds will be expended on the cost of supplying educational staff on secondment to other organisations by The Priory Federation of Academies.

Boarding Income

These funds will be expended on the cost of providing boarding facilities for students by The Priory Federation of Academies.

Sundry Income

These funds will be expended on various other costs incurred by the curriculum departments for students by The Priory Federation of Academies.

Transfers

The excess cost incurred in the provision of the activity over the relevant income received is funded by a transfer from GAG

Transfers

The change in the LGPS Pension Scheme assets/liabilities is funded by a transfer from GAG

Restricted Fixed Assets Funds

DfE Capital Grants Funds

These funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

Faraday Capital Grants Funds

These funds are carried forward to cover the future depreciation charges that will be required on the Faraday Project acquired from Lincolnshire County Council grants in earlier years.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

17 FUNDS (continued)

Restricted Fixed Assets Funds (continued)

Other Educational Bodies Capital Grants Funds

These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from Other Educational Bodies grants in earlier years.

School Carry Forwards Grants Funds

These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from the previous Schools Carry Forwards in earlier years.

Partnership for Schools

These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from the various new builds procured by the Lincolnshire County Council in the current and earlier years.

Transfers

The cost of fixed assets capitalised in the year less the depreciation charge on fixed assets is funded by a transfer from GAG.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds Public £000	Restricted Endowment Funds Private £000	Restricted Fixed asset Funds £000	Total £000
Tangible fixed assets	-	-	-	98,967	98,967
Current assets	1,296	12,547	500	272	14,615
Current liabilities	-	(3,278)	-	-	(3,278)
Pension scheme liability	-	(2,643)	-	-	(2,643)
	1,296	6,626	500	99,239	107,661

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

19 STAFF COSTS

The average number of persons (including senior management team) employed by The Priory Federation of Academies during the year expressed as full time equivalents was as follows:

Charitable Activities	2014 No.	2013 No.
Teachers	409	426
Administration	174	172
Management	33	25
	<hr/> 616	<hr/> 623

Staff costs comprise:	2014 £000	2013 £000
Gross wages and salaries	17,331	16,378
Employer's national insurance costs	1,228	1,196
Other pension costs	2,539	2,312
	<hr/> 21,098	<hr/> 19,886
Supply staff costs	141	141
Staff restructuring costs	128	225
	<hr/> 21,367	<hr/> 20,252

Staff severance payments

Included in staff restructuring costs are non-statutory /non-contractual severance payments totalling £127,640 (2013: £225,057). Eight of the non-statutory/non-contractual payments exceeded £5,000 individually as shown below:

○ £38,000	○ £18,000	○ £15,000	○ £11,557
○ £10,390	○ £10,000	○ £ 8,157	○ £ 6,500

Higher paid employees

The number of employees whose emoluments exceeded £60,000 (including taxable benefits but excluding employers' pension contributions) in the year was 18 (2013: 10). The total emoluments of these employees were in the following ranges:

	2014 No.	2013 No.
£60,001 - £70,000	13	4
£70,001 - £80,000	1	3
£80,001 - £90,000	3	2
£110,001 - £120,000	-	-
£150,001 - £160,000	1	-
£160,001 - £170,000	-	1
	<hr/> 18	<hr/> 10

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

19 STAFF COSTS (continued)

Of the above, all 18 employees (2013: 10) participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employer's pension contributions for these staff amounted to £182,766 (2013: £115,312).

Of the above employees, no employees (2013: none) participated in the Local Government Pension Scheme, meaning there were no pension contributions.

20 ACADEMY BOARDING TRADING ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £000	2013 £000
Income		
Fee income	590	326
EFA/DCSF Grants – start up grants	-	70
Other income	1	1
	<hr/> 591	<hr/> 397
Expenditure		
Direct costs		
Catering costs	74	42
Other direct costs	-	-
Bad debt write offs	-	9
Total direct costs	<hr/> 74	<hr/> 51
Indirect costs		
Teaching staff costs	96	101
Support staff costs	121	70
Education costs	6	37
Occupancy costs	91	46
Buildings maintenance and loose equipment	3	16
Depreciation	2	3
Other indirect costs	11	27
Total indirect costs	<hr/> 330	<hr/> 300
Surplus/(Deficit) on Boarding	187	46
Surplus/(Deficit) brought forward at 1 September	178	132
Surplus/(Deficit) brought forward at 31 August	<hr/> 365	<hr/> 178

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

21 CENTRAL SERVICES

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

Educational Support Services	<ul style="list-style-type: none">• Standards support including intervention• Alternative curriculum co-ordination• Student welfare support• Residential curriculum centre costs
Financial Services	<ul style="list-style-type: none">• Strategic Capital Expenditure• Statutory accounts preparation• Budget preparation• Monthly management reporting• Invoicing• Payroll and Expenses processing
Human Resources Services	<ul style="list-style-type: none">• Co-ordination of recruitment• Heads' performance appraisals• Disciplinary and grievance support• Legal support
Information Technology Services	<ul style="list-style-type: none">• Provision and purchase of hardware, software and network services• Support of the above• IT Strategy
Contract & Procurement Services	<ul style="list-style-type: none">• Contract negotiation for shared services• Project management for capital projects• Facilities and estates co-ordination• Insurances
Communication and Marketing Services	<ul style="list-style-type: none">• Press releases and media co-ordination• Freedom of information requests handling

As the trust is providing at least all of the services that could have been provided from the Local Authority in the predecessor schools, the basis of contribution is 7.5% of the EFA's school budget share income together with any Start-up and Insurance grants. In addition, an amount for IT replacement and licensing costs is charged based on a mixture of flat-rate and Academy pupil numbers. Residential curriculum visits are charged in proportion to usage..

The actual amounts contributed during the year were as follows:

	2014
	£
The Priory Academy LSST	1,123,000
The Priory Witham Academy	662,000
The Priory City of Lincoln Academy	597,000
The Priory Ruskin Academy	717,000
	<hr/>
	3,099,000
	<hr/>

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

22 TRUSTEES' REMUNERATION AND EXPENSES

The Chief Executive and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of The Chief Executive and teaching staff and not in respect of their services as Trustees.

The remuneration including other taxable benefits paid to the Chief Executive and staff trustees during the period comprised:

	2014	2013
	£	£
Mr I Jones – Staff Governor and Trustee Appointed 28 th March 2012	150k-155k	165k-170k
Mr P Murphy – Staff Governor and Trustee Appointed 8 th October 2012	40k-45k	40k-45k

Other Trustees did not receive any payments, other than reimbursement of out of pocket expenses, from the Academy in respect of their role as Trustees.

During the year F Knowles, a Trustee of the Academy Trust (appointed 8th October 2012) received £6,000 (2013: £5,850) remuneration for his work with The Priory Witham Academy in connection with School Improvement Partner.

A total of £1,198 was paid to staff Trustee P Murphy in the year by The Priory Ruskin Academy by way of reimbursement of out of pocket expenses. These claims were wholly in connection with teaching and learning activities as opposed to Trustee duties, and arose from exceptional circumstances that should not recur in 2014-15.

Total pensions paid on behalf of the highest remunerated trustee amounted to £21,316 (2013:£23,770).

During the year ended 31 August 2014, the following payments were made to Trustees:.

	2014	2013
	£	£
Trustees expenses		
Travel & subsistence within the UK	825	595
Other expenses	-	30
Disclosed as Trustees expenses	825	625
Number of Trustees claiming expenses	2	4

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

23 RELATED PARTY TRANSACTIONS

Interests in transactions

Declarations of business interests have been received from all Trustees, members of school committees, members of all Senior Management Teams and finance staff.

Wherever interests were declared and a connection to a transaction was established, we have kept all documentation showing that a number of quotes were obtained and the best value achieved in each case.

Transactions with The Priory Fundraising Trust

During 2013/14 H Gee, K Hindmarch and I Jones were Trustees of The Priory Fundraising Trust, a company which supplied The Priory Federation of Academies with various goods and services.

These were charged to an inter-company account, the movements on which are set out below:

	2014 £000	2013 £000
Opening Creditor /(Debtor) Balance B/F	(2)	43
Sales Ledger Banked by Federation	2	6
Less Other Payments settled by the Federation	-	(51)
Closing Creditor /(Debtor) Balance C/F	-	(2)

Transactions with the Priory Fundraising Trust

In addition to the items charged through the inter-company account listed above during 2013/14 The Priory Fundraising Trust transferred £3,060 (2013: £nil) to The Priory Federation of Academies. This comprised:

	2014 £000	2013 £000
Pastoral Fund	3	-
	3	-

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

23 RELATED PARTY TRANSACTIONS (continued)

Transactions with the Priory Federation of Academies School Funds

From 1 September 2013 transactions with the Sports Partnerships are reported as restricted general funds within the Priory Federation of Academies. The following amounts were introduced:

	2014
	£
The Priory City of Lincoln Academy Sports Partnership	38,550
The Priory Ruskin Academy Sports Partnership	4,842

Transactions with Langleys Solicitors LLP

Mrs K Hindmarch, who is a Partner in the above, was appointed as vice chair of the Priory Federation of Academies on 8th October 2012 and resigned on 11th July 2014.

Langleys provide legal and HR services to the company. Cost of legal services provided during the year by Langleys LLP amounted to £81,475 (2013: £66,589).

Creditors at 31 August 2014 include £25,066 (2013:£7,431) payable to Langleys Solicitors.

24 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,626 (2013: £1,520), this cost being included in total insurance expenses.

From 1 September 2014, cover was provided via the EFA's Risk Protection Arrangements.

25 CONTINGENT LIABILITIES – FUNDING

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, The Priory Federation of Academies is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or The Priory Federation of Academies serving notice, The Priory Federation of Academies shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of The Priory Federation of Academies site and premises and other assets held for the purpose of the Federation: and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

26 PENSION COMMITMENTS

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

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

Contributions amounting to £321,146 (2013: £278,591) were payable to the LGPS and TPS at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The 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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

26 PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

26 PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £865,000, of which employer's contributions totalled £652,000 and employees' contributions totalled £213,000.

For future years the agreed contribution rates are between 5.5% and 12.5% (depending on levels of pensionable pay) for employees' and 19.0% for employer's contributions. To partly address the deficit in the scheme agreement has been made to make additional lump sum contributions of £6,000 per annum (£500 per month) commencing from April 2014. Current agreement is for these payments to continue for three years to March 2017 (i.e. to the next actuarial valuation date).

The major assumptions used by the actuary were:

	At 31 August 2014 % per annum	At 31 August 2013 % per annum
Pension increase rate	2.5%	2.8%
Salary increases	3.8%	5.1%
Expected return on Assets	5.8%	6.1%
Rate of discount	3.6%	4.6%

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

	At 31 August 2014 No. Years	At 31 August 2013 No. Years
Longevity at age 65 for current pensioners		
Males	22.2	21.2
Females	24.4	23.4
Longevity at age 65 for future pensioners		
Males	24.5	23.7
Females	26.8	25.7

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

26 PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2014	Fair Value at 31 August 2014 £000	Expected return at 31 August 2013	Fair Value at 31 August 2013 £000
Equities	6.3%	6,590	6.6%	4,630
Bonds	3.6%	1,127	4.3%	772
Property	4.5%	954	4.7%	611
Cash	3.3%	-	3.6%	-
Total assets		8,671		6,013
Present value of scheme liabilities				
- Funded		(11,314)		(6,964)
- Unfunded		-		-
Deficit in the scheme		(2,643)		(951)

The deficit is being eliminated by ongoing employee and employer contributions to the scheme.

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was £771,000 (2013: £728,000).

Amounts recognised in the Statement of Financial Activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	908	637
Past Service Costs	25	-
Losses / (Gains) on Curtailments and Settlements	-	63
Total operating charge	933	700

Analysis of pension finance (income)/costs

Interest on pension liabilities	345	250
Expected return on pension scheme assets	(393)	(251)
Pension finance (income)/costs	(48)	(1)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

26 PENSION COMMITMENTS (continued)

Net (loss)/gain recognised in the current year

	2014	2013
	£000	£000
Actuarial losses on pension scheme assets	(2,916)	(184)
Actuarial gains on scheme liabilities	1,457	478
Total amount	(1,459)	294

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS17 is a loss of £1,774,000 (2013: £315,000 loss).

Reconciliation of opening and closing balances of the present value of the Academy's share of scheme liabilities

	2014	2013
	£000	£000
Scheme liabilities at 1 September	6,964	5,682
Current service cost	908	637
Past service cost	25	-
Interest cost	345	250
Contributions by scheme participants	213	174
Actuarial losses	2,916	184
Losses on Curtailments	-	63
Estimated benefits paid	(57)	(26)
Scheme liabilities at 31 August	11,314	6,964

Reconciliation of opening and closing balances of the fair value of the Academy's share of the scheme assets

	2014	2013
	£000	£000
Fair value of scheme assets at 1 September	6,013	4,751
Expected return on scheme assets	393	251
Actuarial gains	1,457	478
Contributions by employer	652	385
Contributions by scheme participants	213	174
Benefits paid	(57)	(26)
Fair value of scheme assets at 31 August	8,671	6,013

The estimated value of employer contributions for the year ended 31 August 2015 is £777,000.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

26 PENSION COMMITMENTS (continued)

The five-year history of experience adjustments is as follows:

	31 August 2014 £000	31 August 2013 £000	31 August 2012 £000	31 August 2011 £000	31 August 2010 £000
Fair value of assets	8,671	6,013	4,751	3,654	2,690
Present value of scheme liabilities	(11,314)	(6,964)	(5,682)	(3,963)	(3,919)
Deficit in scheme	(2,643)	(951)	(931)	(309)	(1,229)
Experience adjustments on share of scheme assets	1,457	478	(857)	916	80
Experience adjustments on share of scheme liabilities	2,916	184	(134)	(79)	357

27 ULTIMATE CONTROLLING INTEREST

There is no ultimate controlling party, although the Trustees as a body control the Trust.

28 CAPITAL COMMITMENTS

	2014 £000	2013 £000
Contracted for, but not provided in the financial statements	-	400
Authorised by Trustees, but not yet contracted	92	1,812

The above capital commitments will be met by the carry forward reserves present as at the 31 August 2014.

The Priory Federation of Academies (Registered number 06462935)

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

29 LEASE COMMITMENTS

At 31 August 2014 the Priory Federation of Academies had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£000	£000
Operating leases which expire:		
<i>Land and buildings</i>		
Within one year	-	-
Within two to five years	-	-
After five years	9	8
	<hr/> 9	<hr/> 8
<i>Other</i>		
Within one year	2	66
Within two to five years	139	115
After five years	-	-
	<hr/> 141	<hr/> 181
	<hr/> 150	<hr/> 189

Leases of 125-year duration are held for three Academy Sites. However no rent is actually charged by the Local Authority. After full consideration of the Academies Accounts Direction guidance issued by EFA, the Federation has opted not to recognise a notional rent charge in the Statement of Financial Activities with a corresponding donation.

30 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£000	£000
Net (outgoings)/ incoming resources for the year	9,988	390
Depreciation of tangible fixed assets	3,907	4,564
Capital grants from DfE and other capital income	(12,367)	(1,214)
Interest receivable	(93)	(101)
FRS 17 pension cost less contributions payable	281	317
FRS 17 pension cost finance income	(48)	(1)
Decrease in stock	4	2
Decrease/(increase) in debtors	683	(1,115)
Increase in creditors	301	419
Non cash transaction – property transferred	-	(605)
Net cash inflow from Operating Activities	<hr/> 2,656	<hr/> 2,656

31 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014	2013
	£000	£000
Interest received	93	101
Net cash inflow from returns on investments and servicing of finance	<hr/> 93	<hr/> 101

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Notes to the Financial Statements (continued)
for the year ended 31 August 2014

32 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2014	2013
	£000	£000
Purchase of tangible fixed assets	14,095	1,251
Capital grants from DfE/EFA	-	(64)
Capital funding received from sponsors and others	(12,367)	(1,150)
Receipts from sale of tangible fixed assets	(3)	-
Net cash outflow from capital expenditure and financial investment	1,725	37

33 ANALYSIS OF CHANGES IN NET FUNDS

	At 31		At 1
	August	Cash	September
	2014	flows	2013
	£000	£000	£000
Cash in hand and at bank	13,558	1,024	12,534

34 MAJOR NON CASH TRANSACTIONS

Included in fixed asset additions is the sum of £8,752,985 being the value attributable to the land and buildings that were transferred over from Lincolnshire County Council during the year in respect of The Priory Ruskin Academy. No cash flows resulted from this transfer. A further £3,389,254 was also included in fixed asset additions in respect of equipment/fixtures and fittings within the new buildings also transferred with no cash flow.

35 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.

Notes to the Financial Statements (continued)
for the year ended 31 August 2014

36 POST BALANCE SHEET EVENTS

Laughton Curriculum Centre

After an extensive review of the educational and financial risks in the light of significant changes to the educational environment in the provision of an alternative curriculum, the trustees agreed to seek approval to dispose of this facility.

Final permission for sale was obtained from the DfE in August 2014, albeit with some restrictive overage clauses, and the property was due to be on the market by November 2014.

Proceeds will be invested in the Trust's alternative provision strategy.

37 CONTINGENT LIABILITY – LEGAL DISPUTE

Litigation has been threatened against the Priory Federation of Academies Trust relating to a dispute with Mr R T Gilliland the previous Chief Executive Officer who resigned on 28th March 2012. The information usually required by FRS12, Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to prejudice the interests of the company. The directors are of the opinion that the claim if commenced can be successfully resisted by the company.