

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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THE PRIORY LEARNING TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

Neville Coles (resigned 1 August 2016)
Andrew McKenzie (resigned 9 November 2015)
Rod Sibley (resigned 1 August 2016)
John Richardson (appointed 9 November 2015, resigned 1 August 2016)
Mark Burland (appointed 1 August 2016)
Paul Brett (appointed 1 August 2016)
John Penrose (appointed 1 August 2016)
Jonquil Brooks (appointed 1 August 2016)
Ron Richards (appointed 1 August 2016)

Trustees

Mark Burland (resigned 1 August 2016)
Lucinda Burnby-Crouch (resigned 1 August 2016)
Victoria Butterfield (appointed 1 August 2016)
Neville Coles, Executive Principal^{1,2,3,4}
Peter Coleman (resigned 1 August 2016)
Charles Cox (resigned 1 August 2016)¹
Stuart Haggett (appointed 1 August 2016)
Phil Hemming (resigned 5 October 2015)
Robert Hicks (resigned 1 August 2016)¹
Andrew McKenzie (resigned 5 October 2015)^{1,4}
Eleanor McKenzie (Resigned 2 November 2015)^{2,3}
John Richardson, Chair of Trustees²
Fiona Richings (resigned 1 August 2016)²
Kevin Rooke (resigned 9 November 2015, appointed 1 August 2016)^{2,3}
Graeme Rosenberg (resigned 1 August 2016)²
Rod Sibley^{1,2}
Bernard Sleeman (resigned 1 August 2016)^{1,2,3,4}
Kelvin Sloan (appointed 9 November 2015, resigned 1 August 2016)
Neil Tokelove (resigned 1 August 2016)²
Fiona Waters (resigned 1 August 2016)³
Barry Wratten (appointed 25 July 2016)

- ¹ Business and Site Committee
- ² Learning Committee
- ³ Support Committee
- ⁴ Risk Management Committee

Company registered number 07698707

Company name The Priory Learning Trust

Principal and Registered office Queensway
Weston-super-Mare
BS22 6BP

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

Advisers (continued)

Accounting officer Neville Coles

Leadership Team

Neville Coles, Executive Principal
Martin Kerslake, Director of Finance and Business Services
Jane McBride, Head of School
Rob Berry, Vice-Principal
Rhys Phillips, Vice-Principal
Jason Edwards, Vice-Principal
Justin Dodd, Vice-Principal
Sarah Gibbon, Assistant Principal
Ian Shopland, Assistant Principal
Jacqui Scott, Assistant Principal
David Pye, Assistant Principal
Louise Daniels, Assistant Principal
Tania Caulfield, Principal PA/Clerk to Governors

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Bankers Lloyds Bank PLC
High Street
Worle
Weston-super-Mare
BS22 6JS

Solicitors Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

**THE PRIORY LEARNING TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

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

The Trust operates an academy for pupils aged 11 to 16 in Weston-super-Mare. It has a pupil capacity of 1,200 and had a roll of 1,265 in the school census on 16 January 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

On 1 August 2016 the Academy became a Multi-Academy Trust and changed its name to The Priory Learning Trust from Priory Community School (PCSA).

The Trustees of The Priory Learning Trust are also the directors of the charitable company for the purposes of company law.

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

Members' Liability

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

Trustees' Indemnities

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

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 September 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

For the period ended 31 July 2016 the Academy had the following Trustees as set out in its Articles of Association and funding agreement:

- a. Up to 7 Governors appointed by Trustees
- b. 1 Teacher Trustee elected by teachers
- c. 1 Support Staff Trustee elected by support staff
- d. Up to 1 Trustee appointed by the LA or the Governors
- e. A minimum of 8 Parent Trustees
- f. The Principal
- g. Any Additional Trustees appointed by the Secretary of State

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

From 1 August 2016 new Articles of Association were adopted. These set out that the Multi Academy trust shall have up to 7 Trustees appointed by Members.

The Executive Principal is also an ex officio Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Trustees are provided with regular training opportunities

Organisational Structure

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

During the year there were committees as follows:

- The Business and Site Committee - this meets termly and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee and agrees site development priorities and plans.
- The Learning and Progress Committee - this meets bi termly to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- The Support and Conduct Committee – this meets once a term to discuss safeguarding, staff and student welfare.
- The Risk Management Committee – this meets once a term to discuss and set policy and practice with regard to Health and Safety. It also monitors the risk register.
- The Strategic Leadership Committee – this meets bi termly to discuss strategic direction.

The following decisions were reserved for the Full Governing Body; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the annual School Development Plan (SDP) and budget.

The Trustees of The Priory Learning Trust and the Academy Council (LGB) have devolved responsibility for day-to-day management of the Academy to the Executive Principal, Chief Operating Officer, Head of School and Leadership Team.

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

The Leadership Team consists of the Head of School, Academy Business Manager, Vice Principals, Assistant Principals and the Principal's PA.

The Leadership Team controls the Academy at an executive level working under the direction of The Executive Principal of the newly established The Priory Learning Trust, implementing the policies laid down by the Trustees and Academy Council and reporting back to them. Financial and business matters are overseen by the Chief Operating Officer of The Priory Learning Trust and the local Academy Business Manager.

The Executive Principal, Chief Operating Officer and Academy Business Manager and Business and Site Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders, which must be authorised in line with the Scheme of Delegation.

The Executive Principal and Head of School are responsible for the appointment of staff, though appointment panels for teaching posts often include a Trustee. It would normally include a member of the Academy Council for roles at Central Leader level and above.

The Executive Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

During the year pay and remuneration was determined in accordance with the PCSA pay policy. This policy is reviewed annually. The process of review is started by the HR office of the school in response to recommended changes by the School Teachers Pay and Conditions Review Body (STPCRB) and spelt out in the STPRB document, usually annually in school each August. The amended pay policy is presented by the Business and Site committee via the Pay committee for approval.

The pay policy follows the formulae of the STPCRB for determining the school grouping and from there the range for the Head Teacher (Executive Principal), Vice Principals and Assistant Principals. The Pay Committee applies these figures to current key management personnel.

The Pay Committee received a report on the outcomes of the appraisal system from the Executive Principal. The Executive Principal provided details and recommendations following the appraisal process. The committee sampled a number of appraisal documents to challenge the recommendations.

Connected Organisations, including Related Party Relationships

Priory Community School Enterprises Ltd is a wholly owned subsidiary. The transactions with Priory Community School Enterprises Ltd are undertaken at arm's length and are disclosed in note 14 of these financial statements.

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum; and

To promote for the benefit of the inhabitants of Weston-super-Mare and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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

The aims of the Academy during the year ended 31 August 2016 are summarised below:

- To promote a happy school community where students come first and all staff are valued and cherished
- To develop the whole child as a successful learner, a confident individual and a responsible citizen
- To raise standards for all learners by sustaining and enhancing performance – especially in the core areas of English, mathematics and science
- To meet the needs of all learners with appropriate challenge for all through a broad and balanced curriculum that increasingly is personalized in the upper school years – 14 – 16
- To fulfil our moral purpose by engaging and collaborating to help improve the life chances of all young people, locally, nationally and globally
- To continue to raise the standard of educational attainment and achievement of all pupils
- To ensure wider aspects of schooling are valued and supported at PCSA – sport, art, music and all Period 6 co-curricular activities
- To develop the Academy site so that it enables students to achieve their full potential
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To maximise the number of students who achieve 5 A* C GCSE grades including English and Maths ("EM") and ensure a positive Progress 8 score each year
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To develop the Academy's capacity to manage change
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- To be the first choice for parents/carers and students in Weston-super-Mare – we have developed a 'raving fans' approach to customer service

At Priory Community School Academy (PCSA) we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Our aim is to provide our learners with the best education that meets their needs. Whilst economic wellbeing, which is enhanced by academic achievement, is paramount, we also value the development of our students as citizens equipped for life and work in the twenty first century.

Key priorities for the year are contained in our School Development Plan (SDP), which is available from Tania Caulfield (Principal's PA). An extract from the PCSA SDP is provided here:

Our ultimate aim remains that at least 70%+ of students gain both English and mathematics at GCSE – this is within the top 25% of schools in the UK.

Our 2016 English results were 84% and our mathematics 67% with an overall 5 + with a 'Basics' measure of 64%. Above national averages. P8 for the whole Academy is predicted at +0.4.

We are always looking to improve and 2016-17 is no different. Ambitious targets are set again.

We need to accept that the move from 5+EM at 38% in 2008 has been hugely significant and we should celebrate this widely.

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

Everyone connected with PCSA should be very proud of the way in which from 'day in day out actions' students have been leaving us with far higher outcomes than before and, thus, much brighter life chances.

1. 70% students will achieve Grade 4+ in both English and Maths
2. At least 80% of students will gain C+ GCSE mathematics and 80% of students will gain GCSE C+ English
3. PCSA Attendance will be outstanding at 97% + it was at 96% in 2016
4. English Baccalaureate conversions are at 95%
5. A/A* - All subject areas will meet their targeted levels in 2017
6. PPI – there will be less than 5% 'expected progress' gap between PPI attainment and the rest of the school population

More specific improvement focuses identified for this year include:

- Site Development – a science block is being built following successful bid
- A new play area is constructed ahead of an expansion of numbers
- Renovation of the current science block is planned
- Improving literacy and marking across the school – improved feedback through marking
- Ambitious targets have been set for the end of KS4 for P8 and 70%+ G4 in English and Maths
- Provision of smaller class sizes through more staffing in Maths and English
- Science GCSE for all – 2 GCSEs in science to improve from 44% 2016 to 70% 2017
- Further analysis of our Progress 8 measure and the introduction of the new NC at PCSA
- More students to enter ICT qualification ECDL

Public Benefit

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

The Academy aims to advance for the public benefit, education in Weston-super-Mare and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of technology.

The Academy provides 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.

As an Academy we have a duty to support other schools / colleges:

- We will continue to support St Anne's and Castle Batch primary schools
- Continue to support Worle Community School (a school in Special Measures) – we are the School Improvement Partner (RSC appointed) and will aim to bring this school within our MAT in 2016-17
- We have successfully become a Teaching School and will support ITT and schools across the SW in this role

STRATEGIC REPORT

Achievements and Performance

The Academy is in its fifth year of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2016 was 1,269 and this is the anticipated number on roll for September 2016. This number of students is higher than the school's capacity as the Governor's decided to increase the Pupil Admission Number (PAN) to 256 for all year groups, which is now in place in all year groups.

The Academy is oversubscribed in three year groups, but numbers are slightly below the admission levels in Years 10 and 11 due to students moving across to a local 14-19 provider.

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

Pupil numbers on roll in September 2016 are 1,269. Of those students, 323 are entitled to receive additional funding from the Pupil Premium, which equates to 25.4% of the school population.

The Academy is heavily oversubscribed. There were 372 first preference applicants for the 256 places available in Year 7 in September 2016. 5 additional students were admitted into Year 7 following an admission appeal.

The exam outcomes at PCSA are:

5 A to C with EM

2016	new measures: Basics at 64%, Attainment 849.7 and P8 at +0.4% (predicted)
2015	70% - 71% left with 5AC with EM from re-sits/discounted qualifications
2014	67% - 72% left with 5AC with EM from 'early entry'
2013	75%
2012	70%
2011	69%
2010	54%
2009	45%
2008	38%
2007	38%
2006	33%
2005	30%
2004	28%

In January 2012 on a HMI subject inspection 5/6 lessons seen were judged as outstanding. The Academy was subject to a full Section 5 inspection by OfSTED in June 2010 and was judged to be 'good with outstanding features'. The Academy was awarded 20 good grades and 4 outstanding grades.

In November 2014 the Academy was judged 'outstanding' in all areas through a full Section 5 inspection by OfSTED.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations and faculty reviews, which are undertaken by the Leadership Team. One Faculty per term (six per year) is inspected.

As an Academy we have secured numerous grants of £2.9m and have replaced the old boilers, developed a new Sir Richard Branson SEN Centre (SEN), installed new windows, installed new roofs, built a new sports building, updated sports changing facilities and refurbished the sports hall. In 2016-17 we are building a new £2.5 million science block, The Arthur Spencer Science Centre.

Summer 2016 we find ourselves with:

- 'Outstanding' OfSTED status
- IIP 'Gold' status
- High performing school over several years - a very consistent picture
- High quality self-motivated leadership, which is proactive at all levels – this applies equally to site/ network and teaching teams
- More capacity on Leadership Team with a Head of School appointed allowing the Principal to establish a MAT and further develop the MAT

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

Key Performance Indicators

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for January 2016 census were 1,269, an increase of 7 over 2015. The academy is currently preparing for a consultation to increase numbers to 300 per year group commencing September 2018.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2016 this was 87%, compared to 85.9% in 2015.

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2016, total expenditure of £7,433,566 was covered by recurrent grant funding from the DfE, together with other incoming resources, excluding CIF funding, of £7,320,781. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £250,774.

At 31 August 2016 the net book value of fixed assets was £14,423,119 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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

Reserves Policy

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

The Trustees aim to keep a minimum level of reserves (Unrestricted funds plus GAG) of £650,000 which is sufficient to cover one month of expenditure. At the balance sheet date the level of these reserves was £953,428. The surplus of funds is being held by the Trustees to cover the uncertainty over future funding and the need for more expansion in the future as Priory Learning Trust grows as a multi academy trust.

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

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

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. During the year, day to day management of the surplus funds was delegated to the Principal and Director of Finance within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

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

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

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 96% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The implications of National Fairer funding will be carefully considered as the detail becomes clearer.

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. This area of risk is heightened with the move to multi academy status, the sponsor work that The Priory Learning T is undertaking and the potential growth in the number of academies within the group. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

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

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

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

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

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

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

PLANS FOR FUTURE PERIODS

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

The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. It will continue to support initial teacher training (ITT). We are now funded as a Teaching School – NCTL.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community, especially the local primary schools and work with Worle Community School. Currently, staff are seconded across to support Worle Community School.

We plan to maintain small class sizes with academic outcomes being improved. This will especially be the case in the upper school within English and Maths classes.

Full details of our plans for the future are given in our School Development Plan, which is available from the Clerk to the Governors.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

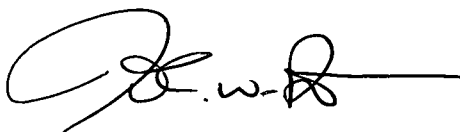
AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 8 December 2016 and signed on the board's behalf by:



**John Richardson
Chair of Trustees**

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 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
Mark Burland	4	6
Lucinda Burnby-Crouch	1	6
Neville Coles	5	6
Peter Coleman	2	6
Charles Cox	4	6
Robert Hicks	4	6
Andrew McKenzie	0	1
Eleanor McKenzie	0	1
John Richardson	6	6
Fiona Richings	3	6
Kevin Rooke	1	3
Graeme Rosenberg	4	6
Rod Sibley	6	6
Bernard Sleeman	3	6
Kelvin Sloan	3	5
Neil Tokelove	6	6
Fiona Waters	4	6

Full Governing body met 6 times this year. All sub-committee reports are made available on-line to all Governors and the Chair of each sub-committee provides a brief outline of the report at the meeting followed by a short Q&A on any item that further clarification is required.

The Governing body comprises of a mix of parents, teaching and non-teaching staff and a number of co-opted Governors to provide a broad and balanced group combining experience and knowledge in order to ensure the school is managed in line with legislation.

The Business and Site (B&S) committee is provided with a detailed financial breakdown 7 times per year supported with information on any variance to plan. The meeting also reviews current works, proposed works and the business development plan.

Internal assurance reports are reviewed at the next meeting following the internal assurance visits.

PCSE board met 6 times during the year and reviews finance and business plans of the trading arm of the school. This is fed back into the main B&S meeting.

Members of the B&S committee have completed a matrix of skills to ensure that the committee has the ability to offer a reasoned and knowledgeable debate on all aspects of the school's B&S activities.

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The skill areas covered were:

Providing strategic leadership
Ensuring accountability
Acting as a critical friend

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Neville Coles	1	7
Rod Sibley	7	7
Andrew McKenzie	1	1
Robert Hicks	3	7
Charles Cox	7	7
John Richardson	6	7
Neil Tokelove	5	7
Bernard Sleeman	1	7
Mark Burland	5	7
Kelvin Sloan	3	5

REVIEW OF VALUE FOR MONEY

The Accounting Officer of The Priory Learning Trust accepts that he is responsible and accountable for ensuring that the Trust delivers good value in the use of public resources. He is aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

We set out below how we have ensured that the Trust's use of its resources has provided good value for money during the academic year.

We are very satisfied that robust financial procedures operate throughout the Trust. These focus on ensuring that we achieve value for money. Sign off limits are set for all orders and requirements for quotations and tender processes are fully detailed in our financial procedures and are rigorously enforced.

The operation of our financial procedures are regularly audited by our Responsible Officer assisted by our auditors with any recommendations for improvements being immediately implemented.

Our recent OfSTED inspection, November 2014, graded us 'outstanding' in all categories. Our mastery in managing the finances of the school including the additional income we raise through our trading company has ensured that we have had the resources necessary to achieve this grading.

Ultimately it is parents who decide if we are providing a good service, and they continue to welcome the education we provide which is evidenced in that we continue to be oversubscribed, 372 first choice applications for 256 places in 2016, (338 for 256 places in 2015).

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Our results which continue to improve as reflected in the following table, show that we are achieving value for money:

PCSA	2006	2008	2010	2012	2014	2015
5A*-C E&M	33%	38%	53.5%	69.6%	72.1%	69.9%
English A* - C	66.2%	64.2%	66.2%	82.9%	78.2%	87.8%
Maths A* - C	34.5%	46.5%	65.3%	77.4%	75.9%	80.8%

The key headline measures for 2016 onwards have now changed and are:

PCSA	2016
Attainment 8	49.72
Progress 8	0.08
English & Maths (Basics)	61%

Attainment 8 and Progress 8 are measured across 8 subjects: English, maths, three subjects from the EBACC group (science, modern foreign languages and humanities) and three other subjects. An Attainment 8 score of 50 would indicate an average grade C for the school. Progress 8 scores compare the average Attainment 8 score of each student with the national Attainment 8 score. A positive value means that students have performed better than expected. For example a Progress 8 score of +0.5 would indicate that on average students have achieved half a grade better than would be expected from their Key Stage 2 results.

We regularly review our staffing structure and deploy staff to target areas of the curriculum that benefit from development and additional support. We endeavour to have smaller class sizes and often provide intervention, one to one support and many extra-curricular activities.

Performance of our pupil premium students is better than the national average for pupil premium students. However in several areas our pupil premium students perform significantly better than the national average and are in line with the national result for all students.

We have been successful with grant applications, working with other establishments and as a result have recently renewed the sport hall flooring, refurbished the sports changing rooms and completed the provision of a health and fitness centre on site.

We provide support to other schools in the local area and Wales and have been asked by the Regional Schools Commissioner to assist in supporting other schools in the South-West.

Where appropriate we utilise experts to guide us in relationship to key purchasing decisions, such as energy, catering, grounds maintenance and compliance contracts.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Priory Learning Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Rod Sibley, a Trustee, as Responsible Officer (RO).

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

The RO visited the school and carried out the following checks: Payroll and Income February 2016 and Expenditure and Accounting systems April 2016. No significant matters were reported.

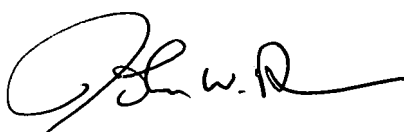
REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 8 December 2016 and signed on their behalf, by:



John Richardson
Chair of Trustees



Neville Coles
Accounting Officer


**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Neville Coles
Accounting Officer

Date: 8 December 2016

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

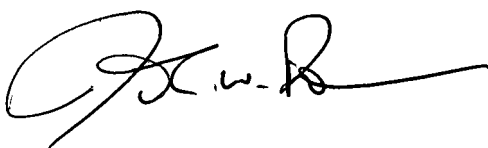
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**John Richardson
Chair of Trustees**

Date: 8 December 2016

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PRIORY LEARNING TRUST**

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PRIORY LEARNING TRUST**

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.



Joseph Scaife FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date:

14/12/16

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE PRIORY
LEARNING TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Priory Learning Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE PRIORY LEARNING TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Priory Learning Trust's funding agreement with the Secretary of State for Education dated 17 August 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE PRIORY
LEARNING TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Joseph Scaife FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 14/12/16

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	7,028	2,476,529	2,483,557	7,539
Charitable activities	5	270,898	6,714,025	-	6,984,923	6,740,727
Other trading activities	3	181,286	10,215	-	191,501	128,282
Investments	4	137,329	-	-	137,329	111,419
TOTAL INCOME		589,513	6,731,268	2,476,529	9,797,310	6,987,967
EXPENDITURE ON:						
Raising funds		177,408	-	-	177,408	116,527
Charitable activities		308,663	6,583,936	363,559	7,256,158	7,119,528
TOTAL EXPENDITURE	6	486,071	6,583,936	363,559	7,433,566	7,236,055
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		103,442	147,332	2,112,970	2,363,744	(248,088)
Transfers between Funds	18	-	(148,959)	148,959	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		103,442	(1,627)	2,261,929	2,363,744	(248,088)
Actuarial losses on defined benefit pension schemes	25	-	(1,815,000)	-	(1,815,000)	(140,000)
NET MOVEMENT IN FUNDS		103,442	(1,816,627)	2,261,929	548,744	(388,088)
RECONCILIATION OF FUNDS:						
Total funds brought forward		814,622	(2,709,098)	14,395,143	12,500,667	12,888,755
TOTAL FUNDS CARRIED FORWARD		918,064	(4,525,725)	16,657,072	13,049,411	12,500,667

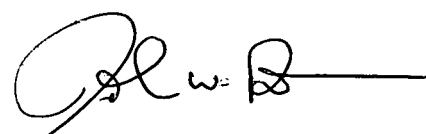
The notes on pages 25 to 46 form part of these financial statements.

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07698707

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		14,423,119		14,395,143
Investments	14		1		1
			14,423,120		14,395,144
CURRENT ASSETS					
Debtors	15	1,906,962		242,736	
Cash at bank and in hand		1,908,808		997,116	
		3,815,770		1,239,852	
CREDITORS: amounts falling due within one year	16	(480,479)		(393,329)	
NET CURRENT ASSETS			3,335,291		846,523
TOTAL ASSETS LESS CURRENT LIABILITIES			17,758,411		15,241,667
Defined benefit pension scheme liability	25		(4,709,000)		(2,741,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			13,049,411		12,500,667
FUNDS OF THE ACADEMY					
Restricted income funds:					
General funds	18	183,275		31,902	
Fixed asset funds	18	16,657,072		14,395,143	
Restricted income funds excluding pension liability		16,840,347		14,427,045	
Pension reserve		(4,709,000)		(2,741,000)	
Total restricted income funds			12,131,347		11,686,045
Unrestricted income funds	18		918,064		814,622
TOTAL FUNDS			13,049,411		12,500,667

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



John Richardson
Chair of Trustees

The notes on pages 25 to 46 form part of these financial statements.

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>227,066</u>	<u>196,636</u>
Cash flows from investing activities:			
Income from investments		137,329	68,022
Purchase of tangible fixed assets		(226,617)	(285,210)
Capital grants from DfE/EFA		773,914	-
Net cash provided by/(used in) investing activities		<u>684,626</u>	<u>(217,188)</u>
Change in cash and cash equivalents in the year		911,692	(20,552)
Cash and cash equivalents brought forward		<u>997,116</u>	<u>1,017,668</u>
Cash and cash equivalents carried forward	21	<u><u>1,908,808</u></u>	<u><u>997,116</u></u>

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Priory Learning Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 GOING CONCERN

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

1.3 FUND ACCOUNTING

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £10,000 are capitalised.

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

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.

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

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

Freehold property	-	2% straight line
Plant and machinery	-	15% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	25% straight line

1.7 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost.

1.8 DEBTORS

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

1.9 CASH AT BANK AND IN HAND

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

1.10 TAXATION

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

1.11 OPERATING LEASES

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

1.12 LIABILITIES AND PROVISIONS

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

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

1. ACCOUNTING POLICIES (continued)

1.13 FINANCIAL INSTRUMENTS

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

1.14 PENSIONS

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

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

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

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

1.15 GROUP ACCOUNTING

In preparing the financial statements the Academy has taken the exemption under FRS 102 and has not consolidated the results of the trading subsidiary Priory Community School Enterprises Limited on the basis that these are immaterial to the group. Further information on the trading subsidiary can be found in note 14.

**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	7,028	-	7,028	7,539
Capital Grants	-	-	2,476,529	2,476,529	-
	<u>-</u>	<u>7,028</u>	<u>2,476,529</u>	<u>2,483,557</u>	<u>7,539</u>

In 2015, the total income from donations and capital grants of £7,539 was restricted.

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	1,000	-	1,000	1,000
Other	180,286	10,215	190,501	127,282
	<u>181,286</u>	<u>10,215</u>	<u>191,501</u>	<u>128,282</u>

In 2015, of the total income from other trading activities, £120,798 was unrestricted and £7,484 was restricted.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Gift aid donation from subsidiary	135,770	-	135,770	109,967
Bank interest	1,559	-	1,559	1,452
	<u>137,329</u>	<u>-</u>	<u>137,329</u>	<u>111,419</u>

In 2015, the total investment income of £111,419 was unrestricted.

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	6,125,197	6,125,197	6,039,963
Other DfE/EFA grants	-	469,301	469,301	363,165
	-	6,594,498	6,594,498	6,403,128
Other government grants				
High Needs	-	50,860	50,860	46,172
Other government grants non capital	-	18,667	18,667	31,528
	-	69,527	69,527	77,700
Other funding				
Income for hosting trainee teachers	25,387	-	25,387	21,803
School trips and other income	136,812	50,000	186,812	129,141
Nursery income funded	86,006	-	86,006	90,203
Nursery income unfunded/fee paying	22,693	-	22,693	18,752
	270,898	50,000	320,898	259,899
	270,898	6,714,025	6,984,923	6,740,727

In 2015, of the total income from charitable activities, £255,899 was unrestricted and £6,484,828 was restricted.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Cost of generating funds	-	-	177,408	177,408	116,527
Education:					
Direct costs	3,483,529	267,730	617,995	4,369,254	4,268,407
Support costs	1,887,352	458,115	541,437	2,886,904	2,851,121
	5,370,881	725,845	1,336,840	7,433,566	7,236,055

In 2015, total expenditure on raising funds of £116,527 was from unrestricted funds. In 2015, of the total expenditure on charitable activities, £243,844 was from unrestricted funds, £6,486,969 was from restricted funds and £348,139 was in relation to the restricted fixed asset fund.

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	18,000	12,214
Educational supplies	301,891	272,775
Examination fees	104,325	109,184
Staff development	15,957	25,954
School trips and other costs	81,993	96,730
Supply teachers	79,963	1,175
Wages and salaries	2,736,500	2,804,826
National insurance	228,364	207,571
Pension cost	438,702	389,839
Depreciation	363,559	348,139
	<u>4,369,254</u>	<u>4,268,407</u>

8. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	93,000	86,786
Other costs	766	215
Recruitment and support	32,692	50,943
Maintenance of premises and equipment	303,076	307,256
Cleaning	23,275	24,682
Rent and rates	46,423	46,807
Energy costs	95,764	102,572
Insurance	70,091	81,169
Security and transport	20,848	25,001
Catering	45,063	47,612
Technology costs	56,839	87,942
Office overheads	67,849	52,861
Professional fees, including legal, purchased services and subscriptions	130,409	131,456
Bank interest and charges	1,649	1,656
(Profit) / Loss on disposal of fixed assets	(833)	-
Governance	12,641	14,576
Wages and salaries	1,491,659	1,436,421
National insurance	93,813	78,960
Pension cost	301,880	274,206
	<u>2,886,904</u>	<u>2,851,121</u>

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	363,559	348,139
Auditors' remuneration	7,725	7,365
Auditors' remuneration - non audit	2,975	4,710
Operating lease rentals	3,513	7,510
	=====	=====

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,224,788	4,234,785
Social security costs	322,177	286,531
Operating costs of defined benefit pension schemes	740,582	664,045
	<u>5,287,547</u>	<u>5,185,361</u>
Supply teacher costs	79,963	1,664
Staff restructuring costs	3,371	6,462
	<u>5,370,881</u>	<u>5,193,487</u>

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

	2016 No.	2015 No.
Teachers	67	74
Administration and Educational Support	122	123
Management	12	11
	<u>201</u>	<u>208</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	55	61
Administration and Educational Support	76	74
Management	12	11
	<u>143</u>	<u>146</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	0

The number of higher paid employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was 3 (2015: 2).

Included in staff restructuring costs is 1 redundancy payment totalling £3,371 (2015: 1 non-contractual severance payment totalling £6,462).

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

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role of Trustees) and some of the Leadership Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £294,444 (2015: £244,633).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment, and not in respect of their services as Trustees. Other trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: N Coles: Remuneration £115,000 - £120,000 (2015: £90,000 - £100,000), Employer's pension contributions £15,000 - £20,000 (2015: £10,000 - £15,000), L Burnby-Crouch: Remuneration £40,000 - £45,000 (2015: £25,000 - £30,000), Employer's pension contributions £5,000 - £10,000 (2015: £0 - £5,000), Kelvin Sloane Remuneration £20,000 - £25,000 (2015: £Nil), Employer's pension contributions £0 - £5,000 (2015: £Nil), E McKenzie: Remuneration £Nil (2015: £15,000 - £20,000), Employer's pension contributions £Nil (2015: £0 - £5,000).

Other related party transactions involving the Trustees are set out in note 27.

During the year retirement benefits were accruing to 3 Trustees (2015: 3) in respect of defined contribution pension schemes.

During the year, no Trustees received any reimbursement of expenses (2015: £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the years ended 31 August 2016 and 31 August 2015 was included in the total insurance cost.

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant, machinery, furniture and fittings £	Motor vehicles £	Computer equipment £	Total £
COST					
At 1 September 2015	15,098,168	153,737	66,067	284,746	15,602,718
Additions	248,383	-	-	143,152	391,535
Disposals	-	-	(9,830)	-	(9,830)
At 31 August 2016	15,346,551	153,737	56,237	427,898	15,984,423
DEPRECIATION					
At 1 September 2015	902,387	76,546	14,745	213,897	1,207,575
Charge for the year	268,169	46,183	12,831	36,376	363,559
On disposals	-	-	(9,830)	-	(9,830)
At 31 August 2016	1,170,556	122,729	17,746	250,273	1,561,304
NET BOOK VALUE					
At 31 August 2016	14,175,995	31,008	38,491	177,625	14,423,119
At 31 August 2015	14,195,781	77,191	51,322	70,849	14,395,143

Included in land and buildings is freehold land at valuation of £1,887,547 which is not depreciated.

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 September 2015 and 31 August 2016	1

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Holding
Priory Community School Enterprises Limited	100%

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

14. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 August 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Priory Community School Enterprises Limited	1	-

TRANSACTIONS

During the year ended 31 August 2016 Priory Community School (the Academy) was reimbursed £179,540 (2015: £119,226) by Priory Community School Enterprises Limited (PCSE) for expenditure (including staff costs) paid for by the Academy. PCSE paid the Academy the agreed charge of £1,000 (2015: £1,000) for the use of the facilities and at the year end the Academy accrued £135,770 (2015: £109,967) as a Gift Aid donation from PCSE. At the year end the Academy was owed £64,275 (2015: £91,936).

15. DEBTORS

	2016 £	2015 £
Trade debtors	2,654	1,172
Amounts owed by group undertakings	64,275	91,936
VAT recoverable	23,241	25,749
Prepayments and accrued income	1,816,792	123,879
	<u>1,906,962</u>	<u>242,736</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other taxation and social security	99,046	87,180
Other creditors	91,385	82,773
Accruals and deferred income	290,048	223,376
	<u>480,479</u>	<u>393,329</u>

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

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

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	54,279	90,648
Resources deferred during the year	52,024	54,279
Amounts released from previous years	(54,279)	(90,648)
	<u>52,024</u>	<u>54,279</u>
Deferred income at 31 August 2016	<u>52,024</u>	<u>54,279</u>

At the balance sheet date the Academy was holding EFA funding and school trips income received in advance for the 2016-17 academic year.

17. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,654	1,172
Accrued income	1,760,092	65,059
Cash at bank and in hand	1,908,808	997,116
	<u>3,671,554</u>	<u>1,063,347</u>

	2016 £	2015 £
Financial liabilities measured at amortised cost		
Other creditors	(1,317)	(1,329)
Accruals	(238,024)	(169,097)
	<u>(239,341)</u>	<u>(170,426)</u>

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	802,714	480,814	(394,178)	-	-	889,350
Nursery	11,908	108,699	(91,893)	-	-	28,714
	<u>814,622</u>	<u>589,513</u>	<u>(486,071)</u>	<u>-</u>	<u>-</u>	<u>918,064</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	6,125,197	(5,955,432)	(134,401)	-	35,364
High Needs	-	50,860	(50,860)	-	-	-
Pupil premium	-	301,494	(268,137)	-	-	33,357
Sponsor capacity fund	-	65,375	(57,802)	-	-	7,573
Teaching schools grant	-	60,000	-	-	-	60,000
NLE Bursary	-	3,000	-	-	-	3,000
Worle Community School	-	50,000	(50,000)	-	-	-
Other restricted funds	-	17,243	(17,243)	-	-	-
Devolved Formula Capital	28,380	25,099	-	(14,558)	-	38,921
Other EFA funding	3,522	33,000	(31,462)	-	-	5,060
Pension reserve	(2,741,000)	-	(153,000)	-	(1,815,000)	(4,709,000)
	<u>(2,709,098)</u>	<u>6,731,268</u>	<u>(6,583,936)</u>	<u>(148,959)</u>	<u>(1,815,000)</u>	<u>(4,525,725)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	10,795,210	-	(198,769)	-	-	10,596,441
Fixed assets purchased from GAG and other restricted funds	3,599,933	-	(164,790)	148,959	-	3,584,102
Fixed assets purchased from CIF Grant	-	2,476,529	-	-	-	2,476,529
	<u>14,395,143</u>	<u>2,476,529</u>	<u>(363,559)</u>	<u>148,959</u>	<u>-</u>	<u>16,657,072</u>
Total restricted funds	<u>11,686,045</u>	<u>9,207,797</u>	<u>(6,947,495)</u>	<u>-</u>	<u>(1,815,000)</u>	<u>12,131,347</u>
Total of funds	<u>12,500,667</u>	<u>9,797,310</u>	<u>(7,433,566)</u>	<u>-</u>	<u>(1,815,000)</u>	<u>13,049,411</u>

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

18. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

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

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

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

Sponsor Capacity Fund - Income received from the EFA to sponsor one or more underperforming schools.

Teaching Schools Grant - Income received from the EFA to enable the Academy to become a teaching school.

NLE Bursary - Income received from the EFA to contribute to the Teaching School status of the Academy.

Worle Community School - Income received from Worle Community School to contribute to the costs of staff seconded to the School during Term 6.

Other restricted funds - Income received from school trip contributions, staff recoveries and other donations.

Devolved Formula Capital - Funding received from the EFA to cover the maintenance and purchase of the Academy's assets.

Other EFA Funding - Income received from the EFA towards Y7 Catch Up Premium and Summer School.

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

FIXED ASSET FUNDS

Fixed assets transferred on conversion to an Academy represent the building and equipment donated to the school from North Somerset Council.

Fixed assets purchased from GAG and other restricted funds represent amounts spent on fixed assets from the GAG and other funding received from the EFA and other resources.

Fixed assets purchased from CIF funding represents the amount received for the construction of a new Science block.

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	14,423,119	14,423,119	14,395,143
Fixed asset investments	1	-	-	1	1
Current assets	918,063	498,836	2,398,871	3,815,770	1,239,852
Creditors due within one year	-	(315,561)	(164,918)	(480,479)	(393,329)
Pension scheme liability	-	(4,709,000)	-	(4,709,000)	(2,741,000)
	<u>918,064</u>	<u>(4,525,725)</u>	<u>16,657,072</u>	<u>13,049,411</u>	<u>12,500,667</u>

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

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	2,363,744	(248,088)
Adjustment for:		
Depreciation charges	363,120	348,139
Income from investments	(137,329)	(68,022)
Decrease in debtors	38,389	117,741
Decrease in creditors	(77,329)	(96,134)
Capital grants from DfE and other capital income	(2,476,529)	-
Defined benefit pension scheme cost less contributions payable	42,000	56,000
Defined benefit pension scheme finance cost	111,000	87,000
Net cash provided by operating activities	<u>227,066</u>	<u>196,636</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	1,908,808	997,116
	<u>1,908,808</u>	<u>997,116</u>

22. 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.

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

23. GENERAL INFORMATION

The Priory Learning Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Queensway, Weston-super-Mare, BS22 6BP.

24. CAPITAL COMMITMENTS

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

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>2,233,953</u>	<u>-</u>

25. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £90,068 were payable to the schemes at 31 August 2016 (2015: 81,444) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)

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25. PENSION COMMITMENTS (continued)

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £385,000(2015: £340,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £431,000 (2015: £387,000), of which employer's contributions totalled £326,000 (2015: £290,000) and employees' contributions totalled £105,000 (2015: £97,000). The agreed contribution rates for future years are 13.3% for employers and 5.5% - 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.80 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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

	2016	2015
Retiring today		
Males	23.5 years	23.4 years
Females	26 years	25.9 years
Retiring in 20 years		
Males	25.8 years	25.8 years
Females	28.9 years	28.8 years

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25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,228,000	988,000
Government bonds	297,000	160,000
Property	236,000	144,000
Cash	(12,000)	39,000
Other bonds	233,000	201,000
Other	450,000	245,000
Total market value of assets	<u>2,432,000</u>	<u>1,777,000</u>

The actual return on scheme assets was £298,000 (2015: £24,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(368,000)	(334,000)
Net interest cost	(111,000)	(99,000)
Total	<u>(479,000)</u>	<u>(433,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	4,518,000	3,854,000
Current service cost	368,000	334,000
Interest cost	182,000	156,000
Contributions by employees	105,000	97,000
Actuarial losses	2,036,000	101,000
Benefits paid	(68,000)	(24,000)
Closing defined benefit obligation	<u>7,141,000</u>	<u>4,518,000</u>

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25. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,777,000	1,396,000
Interest income	78,000	63,000
Actuarial gains and (losses)	221,000	(39,000)
Contributions by employer	326,000	290,000
Contributions by employees	105,000	97,000
Benefits paid	(68,000)	(24,000)
Administration expense	(7,000)	(6,000)
	<u>2,432,000</u>	<u>1,777,000</u>
Closing fair value of scheme assets	<u>2,432,000</u>	<u>1,777,000</u>

26. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	3,513	11,713
Between 1 and 5 years	3,513	7,026
	<u>7,026</u>	<u>18,739</u>

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27. RELATED PARTY TRANSACTIONS

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

During the period £2,094 (2015: £796) was charged by First Class Comms Ltd, of which Mark Burland, who was a Trustee and is now a Member, is a Director. The balance owed to First Class Comms Ltd at the year end was £Nil (2015: 796).

During the period there were various transactions with the Academy's subsidiary company as described in note 14.

28. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		12,888,755	12,500,667
Total funds reported under FRS 102		<u>12,888,755</u>	<u>12,500,667</u>
Reconciliation of net income/ (expenditure)	Notes		31 August 2015
			£
Net (expenditure) previously reported under UK GAAP			(222,088)
Pension interest cost			(14,000)
Net movement in funds reported under FRS 102			<u>(236,088)</u>

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

Under previous UK GAAP the Academy recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the expenditure by £14,000 and decrease the other recognised gains and losses in the SoFA by an equivalent amount.