

Company Registration Number: 07698707 (England & Wales)

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



 **Bishop Fleming**
Chartered Accountants

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

| | |
|-----------------|--|
| Members | Mark Burland (resigned 23 August 2017) Paul Brett John Penrose Jonquil Brooks Ron Richards |
| Trustees | John Richardson, Chair of Trustees ^{1,2} Neville Coles, Executive Principal Victoria Butterfield ^{1,2} Stuart Haggett (resigned 20 July 2017) Kevin Rooke (resigned 19 September 2017) ¹ Rod Sibley ^{1,2} Barry Wratten ¹ Ian Cook (appointed 2 December 2016) |

¹ Resource Committee

² Pay Committee

**Company registered
number** 07698707

Company name The Priory Learning Trust

**Principal and Registered
office** Priory Community School
Queensway
Weston-super-Mare
North Somerset
BS22 6BP

**THE PRIORY LEARNING TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Accounting Officer Neville Coles

Leadership Team

Neville Coles, Executive Principal
Martin Kerslake, Chief Operations Officer
Jane McBride, Principal - Priory Community School Academy
Jacqui Scott, Principal - Worle Community School Academy

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 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 secondary academies in Weston-super-Mare. Its academies have a combined pupil capacity of 2,700 and had a roll of 2,633 in the school census on 18 May 2017.

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 (TPLT) 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 Trust'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 Trust, 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 Trust. The limit of this indemnity is £5m.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

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 considers 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. New / potential Trustees are asked to provide biographical details including details of governance and other relevant experience – particularly where a skills gap has been identified. An interview is held with a minimum of two established Trustees (usually including the chair).

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 Academies in the Trust and a chance to meet staff and students. All Trustees are provided with the "Handbook" produced for TPLT Trustee and Academy Councillors (AC). This clearly states the expectations of a Trustee / AC with regard to attendance at meetings and support for The Trust or an Academy.

In addition, all Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need, to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be informal and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

TPLT signed up to the support provided by "The Key" and National Governors Association for regular online support and training. As the Trust has grown, ALL Trustee and AC have undertaken more formal training in "Prevent and Safeguarding" and another formal training session took place on 23 September 2017.

Organisational Structure

The Board of Trustees normally meets three times a year. Those meetings are timetabled a year in advance and are timed to match the Academy Council meetings to receive their reports etc as appropriate. The board establishes an overall framework for the governance of the Trust, membership, terms of reference and procedures of committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board has, from time to time, established working groups to perform specific tasks over a limited timescale. The Board provides general oversight of the committee structure of its academies to ensure all responsibilities delegated are properly addressed.

During the year there were the following committees:

- Resource Committee – This meets 3 times per year (in term 1,3,5) 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.
- Pay Committee – This is a sub-committee of the Resource Committee. It meets typically when needed but regularly to appraise the Executive Principal; review and modify the Pay Policy (for example in light of the school teachers pay review report); receive and decide on all pay recommendations made following the annual appraisal by each Academy's Principal.
- Strategy Meetings – Held when required. For example, 9 February 2017 to consider the recommendation that Worle Community School should join the Trust. It is anticipated that two similar meetings will be held January / February 2018 to consider the application of St Anne's and Castle Batch Primary School to join TPLT.

The Scheme of Delegation spells out the limits of the responsibilities of the full organisational structure of TPLT including Members, Trustees, Executive, Academy Councils and Academy Principals.

The Trustees of TPLT have devolved the day-to-day management of the Trust to the Executive Principal and Executive Team including the Chief Operations Officer. The day-to-day management of Academies within the Trust is devolved to the school Principals and Leadership Teams. Line management of the school Principals is the responsibility of the Executive Principal.

The Leadership Team at each Academy consists of the Principal, Assistant Principals and School Business Managers.

The Principal controls the Academy at an executive level working under the direction of The Executive Principal of TPLT, implementing the policies laid down by the Trustees and Academy Council and reporting back to them. The Chief Operations Officer of TPLT and the Academy Business Managers oversees financial and business matters.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The Executive Principal, Chief Operations Officer and Academy Business Managers and Business and Site Committees 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 Principals are responsible for the appointment of staff, though appointment panels for teaching posts often include a Trustee. Local Academy Councillors participate in the appointment of 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 Pay Policies. These are reviewed annually. The process of review is started by the HR team in response to recommended changes by the School Teachers Pay and Conditions Review Body (STPCRB) and spelt out in the STPCRB document, usually annually in school each August. The amended Pay Policies are presented by the Resource 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 Executive Principal, 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 in relation to the Executive team and school principals. The Pay Committee separately conducts the appraisal of the Executive Principal and makes appropriate recommendation to the board regarding changes in remuneration. The Pay Committee also receives recommendations from School Principals. In all cases, the committee samples a number of appraisal documents to challenge the recommendation and to ensure parity of treatment.

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 15 of these financial statements.

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

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 aims of the Trust during the year ended 31 August 2017 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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

- 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 – sport, art, music and all Period 6 co curricular activities
- To develop each 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 each 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 each Academy's capacity to manage change
- To conduct each 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 all schools within the Trust 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. Each 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 each Academy's School Development Plan (SDP), which is available from each Academy and published on line.

One major aim is that within each Academy 50 %+ of students gain both English and mathematics at GCSE at Grades 9-5 with 70% gaining grades 9-4. This is within the top 20 % of schools in the UK.

We are always looking to improve and 2017-18 is no different. Ambitious targets are set again.

Everyone connected with TPLT should be very proud of the way in which the 'day-in-day out actions' of staff enable students to leave with high outcomes.

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. Attendance in all schools 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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

More specific improvement focuses identified for this year include:

- PCSA - Renovation of the old science block / creation of more restaurant space
- Improving literacy and marking across the school – improved feedback through marking – presentation within books
- Provision of smaller class sizes through use of School Direct staffing post Christmas
- Science GCSE for all – 2 GCSEs in science to improve from 2017 level
- Further analysis of our Progress 8 measure and the introduction of the new reformed GCSEs
- Introduction of new modular curriculum at all Academies

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 Trust 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 of schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of technology.

The Trust 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 a Trust we have a duty to support other schools / colleges:

- We have welcomed Worle Community School into the Trust for 2017 and we will welcome Castle Batch and St Anne's primary in 2018
- We have been asked to sponsor both The King Alfred School in Burnham-on-Sea and Pawlett Primary during 2017-18
- We have successfully become a Teaching School Alliance and will support ITT and schools across the SW in this role. We will welcome 12 School Direct trainees in 2017-18

STRATEGIC REPORT

Achievements and Performance

Priory Community School - an Academy Trust (PCSA)

PCSA is in its sixth year of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2017 was 1,268. This number of students is higher than the school's capacity. Academy Councillors have decided to increase the Pupil Admission Number (PAN) to 300 for all year groups from September 2018.

PCSA 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. Pupil numbers on roll in September 2017 are 1,265. Of those students, 296 are entitled to receive additional funding from the Pupil Premium, which equates to 23% of the school population.

The Academy is heavily oversubscribed. There were 360 first preference applicants for the 256 places available in Year 7 in September 2017. One additional student was admitted into Year 7 following the annual admission appeals.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The exam outcomes at PCSA are:

2017

English Grade 4+ 78%, Grade 5+ 57%
Maths Grade 4+ 73%, Grade 5+ 42%
English and maths Grade 4+ 66%, Grade 5+ 33%
Attainment 8 44.44
Progress 8 -0.15

2016

English & maths A* - C 62%, Attainment 8 49.74, Progress 8 +0.07

| Year | 5 A* - C inc E&M | English & Maths |
|------|------------------|-----------------|
| 2015 | 70% | 74% |
| 2014 | 67% | 69% |
| 2013 | 75% | 75% |
| 2012 | 70% | 71% |
| 2011 | 69% | 71% |
| 2010 | 54% | |
| 2009 | 45% | |
| 2008 | 38% | |
| 2007 | 38% | |
| 2006 | 33% | |
| 2005 | 30% | |
| 2004 | 28% | |

PCSA 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 PCSA was judged 'outstanding' in all areas through a full Section 5 inspection by OfSTED.

To ensure that standards are continually assessed, the Trust 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.

PCSA has secured numerous grants and with this 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 a new £2.5 million science block, The Spencer Science Centre, opened.

Summer 2017 we find PCSA with:

- 'Outstanding' OfSTED status
- IIP 'Gold' status
- High quality self motivated leadership, which is proactive at all levels – this applies equally to site network and teaching teams
- High performing school over several years - a very consistent picture
- New Principal appointed – April 2017

Worle Community School - an Academy Trust (WCSA)

In April 2017, Worle Community School converted to Academy status and joined TPLT. Worle Community School was previously judged by OfSTED to be in Special Measures in April 2016. PCSA acted as school improvement partner from June 2016 until conversion in April 2017. It received a positive HMI visit in November 2016 and a positive RSC visit in June 2017. Results improved significantly in the 2017 outcomes.

Worle Community School has a Pupil Admission Number of 300 students per year group, giving a total capacity

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

of 1,500 students. The school is currently undersubscribed with 1,362 students on roll at the start of September 2017. The school received 190 first choice applications for its 300 Year 7 spaces, but with second choices and referrals the current Year 7 stands at 281 students at the start of September. The school is currently full in Year 8, but has spaces in all other year groups. Numbers are significantly reduced in Years 10 and 11, with a number of students transferring to 14-19 provision in the town.

The exam outcomes at WCSA are:

2017

English Grade 4+ 72%, Grade 5+ 54%

Maths Grade 4+ 68%, Grade 5+ 44%

English and maths Grade 4+ 62%, Grade 5+ 36%

Attainment 8 44.04

Progress 8 -0.13

2016

English & maths A* - C 47%, Attainment 8 45.6, Progress 8 -0.46

| Year | 5 A* - C inc E&M | English & Maths |
|------|------------------|-----------------|
| 2015 | 43% | 45% |
| 2014 | 51% | 58% |
| 2013 | 51% | 52% |
| 2012 | 55% | 55% |
| 2011 | 49% | 50% |
| 2010 | 44% | |
| 2009 | 49% | |

Key Performance Indicators

As funding is based on pupil numbers this is a key performance indicator. PCSA's pupil numbers for October 2017 census were 1,262 a slight decrease of 5 over 2016. The academy will increase annual intake numbers to 300 per year group commencing September 2018. WCSA's pupil numbers for October 2017 census were 1,352.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2017 this was 89%, compared to 87% in 2016.

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 Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust 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 reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trust's accounting policies.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

During the year ended 31 August 2017, total expenditure (excluding restricted fixed asset funds) of £11,185,797 was covered by recurrent grant funding from the DfE, together with other incoming resources (excluding restricted fixed asset funds and transfers on conversion), of £11,806,478. The excess of income over expenditure for the year (excluding restricted fixed asset funds and funds transferred on conversion) was £620,681.

At 31 August 2017 the net book value of fixed assets was £29,043,334 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

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, Principal, 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 Trust 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 £1,000,000 which is sufficient to cover one month of expenditure. At the balance sheet date the level of these reserves was £2,044,498. 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 TPLT 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 Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 96% of the Trust'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 Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust'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 TPLT 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 Trust 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 Trust 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 Trust has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academies 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 Trust 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.

PLANS FOR FUTURE PERIODS

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

TPLT 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. We are now funded as a Teaching School Alliance – NCTL.

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

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 GO PLT strategic document, which is available from the Clerk to the Trust.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

The Leadership Team plan all potential development changes for the Trust and work in partnership with all stakeholders which includes employees, unions, Local Academy Councillors, Trustees and senior members of staff to communicate and support the Trust and all workforce changes. Changes involving staff terms and conditions are dealt with in accordance with HR policies in place.

Support for employees with disabilities can be found in the Equal Opportunities policy which can be found on our intranet or through our HR department. Where staff are disabled or become disabled, we encourage them to tell us about their condition so that we can consider what reasonable adjustments or support may be appropriate.

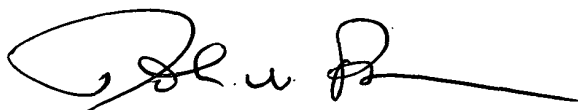
AUDITORS

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 14 December 2017 and signed on the board's behalf by:



**John Richardson
Chair of Trustees**

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that TPLT 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 TPLT and the Secretary of State for Education. The Executive Principal is 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 |
|----------------------|-------------------|-------------------|
| Victoria Butterfield | 6 | 6 |
| Neville Coles | 5 | 6 |
| Stuart Haggett | 4 | 6 |
| John Richardson | 6 | 6 |
| Kevin Rooke | 3 | 6 |
| Rod Sibley | 6 | 6 |
| Barry Wratten | 4 | 6 |
| Ian Cook | 5 | 5 |

Governance highlights include:

- Key changes to the composition of Trustees. Trustees identified the need for a person of proven accounting/financial expertise/experience. In addition, they recognised they were "light" on Primary experience bearing in mind the hope for St Anne's and Castle Batch joining TPLT. We recruited Ian Cook, an experienced chartered accountant currently working as financial controller of a local company with a £50m+ turnover and operating at board level. He is also a governor of Castle Batch Primary School.
- A clerk to TPLT was appointed in March 2017. The management of meetings, timely distribution of papers and quality of minutes have all improved, as has a greater attention to detail regarding actions to be undertaken.
- Trustees are confident in the quality of the data presented. Strict timetabled consideration of financial data is ensured through a planned monitoring of the budget to ensure the Trust is on course on an in year basis but also that a 3 year strategy is developed and updated. Student output data is provided in excellent detail by the chief analytics officer (who provides training for Trustees and Councillors on the use and understanding of dashboard data in addition).
- Annual timetable. To ensure efficient working the Trustee meetings, Academy Council meetings and sub-committee meetings are coordinated to ensure decisions can be made as effectively as possible backed with supporting data. (For example business and site meetings at PCSA and WCSA are timed to have reports ready for a Trustee resource committee meeting).
- Skills audit. The National Governors Association (NGA) model was used by MAT Trustees for the first time in term 6 for both Trustees and Councillors. This model was recently updated by the NGA to take account of the January 2017 DfE new competency framework for governance. It is planned to use this for recruitment and the provision of trust wide training. (e.g. January 2018 using Adele Haysom, a national leader in governance).
- Assessment of own performance
 - (1) Chair of members attended, as an observer, the special meeting to decide on WCSA joining the Trust
 - (2) Since term 6 a "self-evaluation of meetings" form has been used.

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

GOVERNANCE STATEMENT (continued)

The Resource Committee has formally met 3 times during the year.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| Victoria Butterfield | 3 | 3 |
| John Richardson | 3 | 3 |
| Kevin Rooke | 2 | 3 |
| Rod Sibley | 3 | 3 |
| Barry Wratten | 1 | 3 |

The Pay Committee has formally met 5 times during the year.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| John Richardson | 5 | 5 |
| Victoria Butterfield | 3 | 5 |
| Rod Sibley | 5 | 5 |

REVIEW OF VALUE FOR MONEY

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

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

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.

The November 2014 OfSTED report, graded PCSA '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 maintain 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, 360 first choice applications for 256 places in 2017 for PCSA. For 2018 PCSA have 376 first choice applications. We are working tirelessly to move towards 3,000 students being educated at TPLT schools in Weston-super-Mare.

**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 | | WSCA | |
|-----------------|-------|-------|-------|-------|
| | 2016 | 2017 | 2016 | 2017 |
| Attainment 8 | 49.72 | 44.44 | 45.58 | 44.04 |
| Progress 8 | 0.08 | -0.15 | -0.46 | -0.13 |
| English & maths | 62% | 67% | 47% | 62% |

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. The methods used to calculate Attainment 8 changed from 2016 to 2017, so no direct comparison of these measures should be used.

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 PCSA disadvantaged students is better than the national average for disadvantaged students. However, in several areas PCSA disadvantaged students perform significantly better than the national average and are in line with the national result for all students. These students at WSCA are not yet performing to these levels but are improving quickly.

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 at PCSA. The new Spencer Science Centre at PCSA is being officially opened in October 2017.

We provide support to other schools in the local area 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 TPLT for the year 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 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 Trustees 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. Twice a year, 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 carried out the following checks: PCSA - Payroll and Income February 2017 and Expenditure and Accounting systems April 2017, WCSA internal assurance visit July 2017. No significant matters were reported.

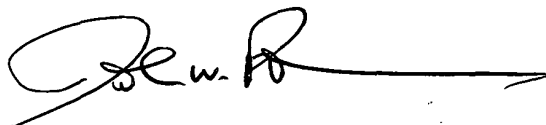
REVIEW OF EFFECTIVENESS

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 RO;
- 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 RO 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 14 December 2017 and signed on their behalf, by:



**John Richardson
Chair of Trustees**



**Neville Coles
Accounting Officer**

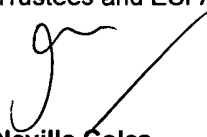
**THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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



Neville Coles
Accounting Officer

Date: 14 December 2017

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

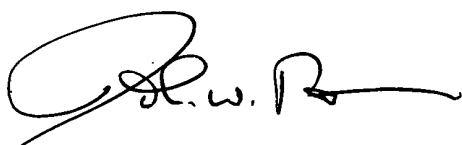
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/DfE have been applied for the purposes intended.

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

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



**John Richardson
Chair of Trustees**

Date: 14 December 2017

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

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

OPINION

We have audited the financial statements of The Priory Learning Trust for the year ended 31 August 2017 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.



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: 15/12/17

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

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

In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the ESFA 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Priory Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE PRIORY LEARNING TRUST'S 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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 Trust 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 AND SKILLS 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 2016 to 31 August 2017 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: 15/12/17

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Transfer from Local Authority on conversion | 2 | 547,634 | (2,942,000) | 12,117,536 | 9,723,170 | - |
| Other donations and capital grants | 2 | 1,000 | 17,388 | 432,073 | 450,461 | 2,483,557 |
| Charitable activities | 3 | 368,727 | 11,105,245 | - | 11,473,972 | 6,984,923 |
| Other trading activities | 4 | 256,950 | 17,186 | - | 274,136 | 191,501 |
| Investments | 5 | 39,982 | - | - | 39,982 | 137,329 |
| TOTAL INCOME | | 1,214,293 | 8,197,819 | 12,549,609 | 21,961,721 | 9,797,310 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 191,978 | - | - | 191,978 | 177,408 |
| Charitable activities | | 667,943 | 10,325,876 | 501,503 | 11,495,322 | 7,256,158 |
| TOTAL EXPENDITURE | 6 | 859,921 | 10,325,876 | 501,503 | 11,687,300 | 7,433,566 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | 354,372 | (2,128,057) | 12,048,106 | 10,274,421 | 2,363,744 |
| Transfers between Funds | 19 | - | (338,156) | 338,156 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 354,372 | (2,466,213) | 12,386,262 | 10,274,421 | 2,363,744 |
| Actuarial gains/(losses) on defined benefit pension schemes | 26 | - | 19,000 | - | 19,000 | (1,815,000) |
| NET MOVEMENT IN FUNDS | | 354,372 | (2,447,213) | 12,386,262 | 10,293,421 | 548,744 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 918,064 | (4,525,725) | 16,657,072 | 13,049,411 | 12,500,667 |
| TOTAL FUNDS CARRIED FORWARD | | 1,272,436 | (6,972,938) | 29,043,334 | 23,342,832 | 13,049,411 |

The notes on pages 27 to 50 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|---|------|--------------------|--------------------|-------------|-------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 29,043,334 | | 14,423,119 |
| Investments | 15 | | 1 | | 1 |
| | | | 29,043,335 | | 14,423,120 |
| CURRENT ASSETS | | | | | |
| Debtors | 16 | 605,330 | | 1,906,962 | |
| Cash at bank and in hand | | 2,706,037 | | 1,908,808 | |
| | | 3,311,367 | | 3,815,770 | |
| CREDITORS: amounts falling due within one year | 17 | (1,266,870) | | (480,479) | |
| NET CURRENT ASSETS | | | 2,044,497 | | 3,335,291 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 31,087,832 | | 17,758,411 |
| Defined benefit pension scheme liability | 26 | | (7,745,000) | | (4,709,000) |
| NET ASSETS | | | 23,342,832 | | 13,049,411 |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted funds: | | | | | |
| Restricted income funds | 19 | 772,062 | | 183,275 | |
| Fixed asset funds | 19 | 29,043,334 | | 16,657,072 | |
| Restricted funds excluding pension liability | | 29,815,396 | | 16,840,347 | |
| Pension reserve | | (7,745,000) | | (4,709,000) | |
| Total restricted funds | | | 22,070,396 | | 12,131,347 |
| Unrestricted funds | 19 | | 1,272,436 | | 918,064 |
| TOTAL FUNDS | | | 23,342,832 | | 13,049,411 |

The financial statements on pages 24 to 50 were approved by the Trustees, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:



John Richardson
Chair of Trustees

The notes on pages 27 to 50 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 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 21 | <u>762,891</u> | <u>227,066</u> |
| Cash flows from investing activities: | | | |
| Gift aid donation from subsidiary | | 55,770 | 135,770 |
| Proceeds from the sale of tangible fixed assets | | 12,600 | - |
| Purchase of tangible fixed assets | | (2,594,257) | (226,617) |
| Capital grants from DfE/ESFA | | 2,010,862 | 773,914 |
| Interest received | | 1,729 | 1,559 |
| Net cash (used in)/provided by investing activities | | <u>(513,296)</u> | <u>684,626</u> |
| Cash flows from conversion to an Academy | | | |
| Funds received from the Local Authority on conversion | | 547,634 | - |
| Net cash provided by financing activities | | <u>547,634</u> | <u>-</u> |
| Change in cash and cash equivalents in the year | | 797,229 | 911,692 |
| Cash and cash equivalents brought forward | | <u>1,908,808</u> | <u>997,116</u> |
| Cash and cash equivalents carried forward | 22 | <u><u>2,706,037</u></u> | <u><u>1,908,808</u></u> |

The notes on pages 27 to 50 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 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.

1.2 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.3 GOING CONCERN

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

Donations are recognised on a receivable basis (where there are no performance-related conditions) where receipt is probable and 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 includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 |

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.

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 Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 OPERATING LEASES

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.13 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 CONVERSION TO AN ACADEMY TRUST

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

The assets and liabilities transferred on conversion from Worle Community School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Fixed assets have been included at amounts valued by the Trustees. Pension assets and liabilities have been valued by Mercer Limited.

Further details of the transaction are set out in note 24.

1.16 GROUP ACCOUNTING

In preparing the financial statements the Trust 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 15.

1.17 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

The 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Transfer from Local Authority on conversion | 547,634 | (2,942,000) | 12,117,536 | 9,723,170 | - |
| Donations | 1,000 | 17,388 | - | 18,388 | 7,028 |
| Capital Grants | - | - | 432,073 | 432,073 | 2,476,529 |
| | 1,000 | 17,388 | 432,073 | 450,461 | 2,483,557 |
| | 548,634 | (2,924,612) | 12,549,609 | 10,173,631 | 2,483,557 |
| Total 2016 | - | 7,028 | 2,476,529 | 2,483,557 | |

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 9,827,953 | 9,827,953 | 6,125,197 |
| Start up Grants | - | 220,800 | 220,800 | - |
| Other DfE/ESFA grants | - | 839,448 | 839,448 | 469,301 |
| | - | 10,888,201 | 10,888,201 | 6,594,498 |
| Other Government grants | | | | |
| High needs | - | 78,009 | 78,009 | 50,860 |
| Other government grants non capital | - | 20,720 | 20,720 | 18,667 |
| | - | 98,729 | 98,729 | 69,527 |
| Other funding | | | | |
| Income for hosting trainee teachers | 93,661 | - | 93,661 | 25,387 |
| School trips and other income | 140,464 | 118,315 | 258,779 | 186,812 |
| Nursery income funded | 94,086 | - | 94,086 | 86,006 |
| Nursery income unfunded/fee paying | 27,583 | - | 27,583 | 22,693 |
| Sales to students | 8,787 | - | 8,787 | - |
| Internal catering income | 4,146 | - | 4,146 | - |
| | 368,727 | 118,315 | 487,042 | 320,898 |
| | 368,727 | 11,105,245 | 11,473,972 | 6,984,923 |
| <i>Total 2016</i> | 270,898 | 6,714,025 | 6,984,923 | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings | 64,602 | - | 64,602 | 1,000 |
| Other | 192,348 | 17,186 | 209,534 | 190,501 |
| | 256,950 | 17,186 | 274,136 | 191,501 |
| <i>Total 2016</i> | 181,286 | 10,215 | 191,501 | |

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-----------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Gift aid donation from subsidiary | 38,253 | - | 38,253 | 135,770 |
| Bank interest | 1,729 | - | 1,729 | 1,559 |
| | <u>39,982</u> | <u>-</u> | <u>39,982</u> | <u>137,329</u> |
| <i>Total 2016</i> | <u>137,329</u> | <u>-</u> | <u>137,329</u> | |

6. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|--------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Cost of generating funds | 9,498 | - | 182,480 | 191,978 | 177,408 |
| Education | | | | | |
| Direct costs | 5,555,033 | 501,503 | 807,856 | 6,864,392 | 4,369,254 |
| Support costs | 3,169,937 | 622,226 | 838,767 | 4,630,930 | 2,886,904 |
| | <u>8,734,468</u> | <u>1,123,729</u> | <u>1,829,103</u> | <u>11,687,300</u> | <u>7,433,566</u> |
| <i>Total 2016</i> | <u>5,370,881</u> | <u>725,845</u> | <u>1,336,840</u> | <u>7,433,566</u> | |

7. DIRECT COSTS

| | Total 2017 £ | Total 2016 £ |
|------------------------------|--------------------|--------------------|
| Pension finance costs | 15,000 | 18,000 |
| Educational supplies | 517,170 | 301,891 |
| Examination fees | 119,740 | 104,325 |
| Staff development | 27,818 | 15,957 |
| School trips and other costs | 128,128 | 81,993 |
| Supply teachers | 123,063 | 79,963 |
| Wages and salaries | 4,303,836 | 2,736,500 |
| National insurance | 421,935 | 228,364 |
| Pension cost | 706,199 | 438,702 |
| Depreciation | 501,503 | 363,559 |
| | <u>6,864,392</u> | <u>4,369,254</u> |
| <i>Total 2016</i> | <u>4,369,254</u> | |

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. SUPPORT COSTS

| | Total 2017 £ | Total 2016 £ |
|--|--------------------|--------------------|
| Pension finance costs | 127,000 | 93,000 |
| Other costs | 542 | 766 |
| Recruitment and support | 55,531 | 32,692 |
| Maintenance of premises and equipment | 379,161 | 303,076 |
| Cleaning | 31,511 | 23,275 |
| Rent and rates | 72,976 | 46,423 |
| Energy costs | 138,446 | 95,764 |
| Insurance | 95,302 | 70,091 |
| Security and transport | 25,802 | 20,848 |
| Catering | 75,918 | 45,063 |
| Technology costs | 102,429 | 56,839 |
| Office overheads | 78,741 | 67,849 |
| Professional fees, including legal, purchased services and subscriptions | 256,834 | 130,409 |
| Bank interest and charges | 2,975 | 1,649 |
| (Profit)/ Loss on disposal of fixed assets | - | (833) |
| Governance | 17,825 | 12,641 |
| Wages and salaries | 2,226,890 | 1,491,659 |
| National insurance | 159,093 | 93,813 |
| Pension cost | 783,954 | 301,880 |
| | <u>4,630,930</u> | <u>2,886,904</u> |
| <i>Total 2016</i> | <u>2,886,904</u> | |

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|--|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 501,503 | 363,559 |
| Auditors' remuneration | 11,500 | 7,725 |
| Auditors' remuneration - non audit | 5,525 | 2,795 |
| Operating lease rentals | <u>3,114</u> | <u>3,513</u> |

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS

Staff costs were as follows:

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Wages and salaries | 6,436,455 | 4,224,788 |
| Social security costs | 581,028 | 322,177 |
| Operating costs of defined benefit pension schemes | 1,490,153 | 740,582 |
| | 8,507,636 | 5,287,547 |
| Apprenticeship levy | 11,867 | - |
| Supply teacher costs | 123,063 | 79,963 |
| Staff restructuring costs | 91,902 | 3,371 |
| | 8,734,468 | 5,370,881 |

Included in staff restructuring costs are 8 redundancy payments totalling £45,685, 3 payments in lieu of notice totalling £40,818 and 1 contractual settlement payment totalling £5,400 (2016: 1 redundancy payment totalling £3,371).

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

| | 2017 No. | 2016 No. |
|--|-------------|-------------|
| Teachers | 95 | 67 |
| Administration and Educational Support | 196 | 122 |
| Management | 19 | 12 |
| | 310 | 201 |

Average headcount expressed as a full time equivalent:

| | 2017 No. | 2016 No. |
|--|-------------|-------------|
| Teachers | 89 | 55 |
| Administration and Educational Support | 112 | 76 |
| Management | 18 | 12 |
| | 219 | 143 |

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

| | 2017 No. | 2016 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 4 | 1 |
| In the band £70,001 - £80,000 | 2 | 1 |
| In the band £80,001 - £90,000 | 1 | 0 |
| In the band £100,001 - £200,000 | 1 | 1 |

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS (continued)

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 £356,487 (2016: £294,444).

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 Executive 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 £110,000 - £115,000 (2016: £115,000 - £120,000), Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000).

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year ended 31 August 2017, expenses totalling £186 (2016: £NIL) were reimbursed to 1 Trustee (2016: NIL).

12. CENTRAL SERVICES

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

- Governance
- Accounting
- Financial services
- Procurement of trust-wide contracts
- Premises support
- Educational support
- Marketing and branding
- HR legal services

The Trust charges for these services and during the year made the following charges:

| | 2017 £ | 2016 £ |
|---------------------------------|----------------|-----------|
| Priory Community School Academy | 399,826 | - |
| Worle Community School Academy | 57,137 | - |
| Total | <u>456,963</u> | <u>-</u> |

THE PRIORY LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the years ended 31 August 2017 and 31 August 2016 was included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

| | Freehold property £ | Plant, machinery, furniture and fittings £ | Motor vehicles £ | Computer equipment £ | Total £ |
|----------------------------------|---------------------------|--|------------------------|----------------------------|------------|
| COST | | | | | |
| At 1 September 2016 | 15,346,551 | 153,737 | 56,237 | 427,898 | 15,984,423 |
| Additions | 2,608,391 | 307,562 | - | 100,829 | 3,016,782 |
| Disposals | - | - | - | (12,600) | (12,600) |
| Assets transferred on conversion | 12,104,936 | - | - | 12,600 | 12,117,536 |
| At 31 August 2017 | 30,059,878 | 461,299 | 56,237 | 528,727 | 31,106,141 |
| DEPRECIATION | | | | | |
| At 1 September 2016 | 1,170,556 | 122,729 | 17,746 | 250,273 | 1,561,304 |
| Charge for the year | 377,853 | 46,806 | 12,831 | 64,013 | 501,503 |
| At 31 August 2017 | 1,548,409 | 169,535 | 30,577 | 314,286 | 2,062,807 |
| NET BOOK VALUE | | | | | |
| At 31 August 2017 | 28,511,469 | 291,764 | 25,660 | 214,441 | 29,043,334 |
| At 31 August 2016 | 14,175,995 | 31,008 | 38,491 | 177,625 | 14,423,119 |

15. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|--|---|
| COST | |
| At 1 September 2016 and 31 August 2017 | 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 2017

15. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 August 2017 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 2017 The Priory Learning Trust (TPLT) was reimbursed £185,497 (2016: £179,540) by Priory Community School Enterprises Limited (PCSE) for expenditure (including staff costs) paid for by TPLT. PCSE paid TPLT the agreed charge of £1,000 (2016: £1,000) for the use of the facilities and at the year end the Academy Trust accrued £38,253 (2016: £135,770) as a Gift Aid donation from PCSE. At the year end the Academy Trust was owed £84,340 (2016: £64,275).

16. DEBTORS

| | 2017 £ | 2016 £ |
|------------------------------------|----------------|------------------|
| Trade debtors | 22,077 | 2,654 |
| Amounts owed by group undertakings | 84,340 | 64,275 |
| VAT recoverable | 72,484 | 23,241 |
| Prepayments and accrued income | 426,429 | 1,816,792 |
| | <u>605,330</u> | <u>1,906,962</u> |

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|----------------|
| Other taxation and social security | 204,995 | 99,046 |
| Other creditors | 170,091 | 91,385 |
| Accruals and deferred income | 891,784 | 290,048 |
| | <u>1,266,870</u> | <u>480,479</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

| | 2017 £ | 2016 £ |
|--------------------------------------|----------------|---------------|
| DEFERRED INCOME | | |
| Deferred income at 1 September 2016 | 52,024 | 54,279 |
| Resources deferred during the year | 100,102 | 52,024 |
| Amounts released from previous years | (52,024) | (54,279) |
| | <u>100,102</u> | <u>52,024</u> |
| Deferred income at 31 August 2017 | <u>100,102</u> | <u>52,024</u> |

At the balance sheet date the Academy was holding ESFA funding and school trips income received in advance for the 2017-18 academic year.

18. FINANCIAL INSTRUMENTS

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Financial assets measured at amortised cost | <u>3,078,151</u> | <u>3,671,554</u> |
| Financial liabilities measured at amortised cost | <u>(792,970)</u> | <u>(239,341)</u> |

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by subsidiaries and accrued income.

Financial liabilities measured at amortised cost comprise accrued expenditure and other creditors.

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FOR THE YEAR ENDED 31 AUGUST 2017

19. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|--|-------------------------|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General Funds | 889,350 | 1,092,624 | (738,252) | - | - | 1,243,722 |
| Nursery | 28,714 | 121,669 | (121,669) | - | - | 28,714 |
| | <u>918,064</u> | <u>1,214,293</u> | <u>(859,921)</u> | <u>-</u> | <u>-</u> | <u>1,272,436</u> |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 35,364 | 9,827,953 | (8,994,020) | (193,911) | - | 675,386 |
| High Needs | - | 78,009 | (78,009) | - | - | - |
| Pupil premium | 33,357 | 472,192 | (419,671) | - | - | 85,878 |
| Other LA income | - | 20,720 | (11,895) | - | - | 8,825 |
| Sponsor capacity fund | 7,573 | - | (7,573) | - | - | - |
| Teaching schools grant | 60,000 | 53,000 | (113,000) | - | - | - |
| NLE Bursary | 3,000 | 6,000 | (9,000) | - | - | - |
| Worle Community School | - | 118,315 | (118,315) | - | - | - |
| Other restricted funds | - | 34,574 | (34,574) | - | - | - |
| Devolved Formula Capital | 38,921 | 39,690 | (14,366) | (64,245) | - | - |
| Conversion grants | - | 300,800 | (220,800) | (80,000) | - | - |
| Taunton Teaching Alliance | - | 12,500 | (12,500) | - | - | - |
| Trust grants | - | 150,000 | (150,000) | - | - | - |
| Other ESFA funding | 5,060 | 26,066 | (29,153) | - | - | 1,973 |
| Pension reserve | (4,709,000) | (2,942,000) | (113,000) | - | 19,000 | (7,745,000) |
| | <u>(4,525,725)</u> | <u>8,197,819</u> | <u>(10,325,876)</u> | <u>(338,156)</u> | <u>19,000</u> | <u>(6,972,938)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Fixed assets transferred on conversion | 10,596,441 | 12,117,536 | (307,623) | - | - | 22,406,354 |
| Fixed assets purchased from GAG, DfE/ESFA and other Government Capital grants | 3,584,102 | 432,073 | (193,880) | 338,156 | - | 4,160,451 |
| Fixed assets purchased from CIF Grant | 2,476,529 | - | - | - | - | 2,476,529 |
| | <u>16,657,072</u> | <u>12,549,609</u> | <u>(501,503)</u> | <u>338,156</u> | <u>-</u> | <u>29,043,334</u> |
| Total restricted funds | <u>12,131,347</u> | <u>20,747,428</u> | <u>(10,827,379)</u> | <u>-</u> | <u>19,000</u> | <u>22,070,396</u> |
| Total of funds | <u>13,049,411</u> | <u>21,961,721</u> | <u>(11,687,300)</u> | <u>-</u> | <u>19,000</u> | <u>23,342,832</u> |

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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | Brought forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2016 £ |
|---|-------------------------|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| 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 | - | 17,423 | (17,423) | - | - | - |
| Devolved Formula Capital | 28,380 | 25,099 | - | (14,558) | - | 38,921 |
| Other ESFA 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>6,731,448</u> | <u>(6,584,116)</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, DfE/ESFA and other Government Capital grants | 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>9,207,977</u> | <u>(6,947,675)</u> | <u>-</u> | <u>(1,815,000)</u> | <u>12,131,347</u> |
| Total of funds | <u>12,500,667</u> | <u>9,797,490</u> | <u>(7,433,746)</u> | <u>-</u> | <u>(1,815,000)</u> | <u>13,049,411</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs. During the year £193,911 was transferred from GAG to restricted fixed asset funds to represent fixed assets purchased from GAG.

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 ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other LA income - Additional pupil premium funding received from the Local Authority.

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

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

NLE Bursary - Income received from the ESFA 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 (DFC) - Funding received from the ESFA to cover the maintenance and purchase of the Academy's assets. During the year £64,245 was transferred from DFC to restricted fixed asset funds to represent fixed assets purchased from DFC.

Conversion grants - One off funding received from the ESFA to contribute to the cost of converting from a school to an Academy. During the year £80,000 was transferred from conversion grants to restricted fixed asset funds to represent fixed assets purchased from conversion grants.

Taunton Teaching Alliance - Funding received to cover costs of providing additional revision sessions to improve pupil achievement.

Trust grants - Funding received to support the establishment of The Priory Learning Trust.

Other ESFA Funding - Income received from the ESFA 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.

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19. STATEMENT OF FUNDS (continued)

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 ESFA and other resources.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £ | Total 2016 £ |
|---|--------------------------|--------------------------|
| Priory Community School Academy | 739,460 | 995,402 |
| Worle Community School Academy | 993,778 | - |
| Central Services | 311,260 | 105,937 |
| Total before fixed asset fund and pension reserve | <u>2,044,498</u> | <u>1,101,339</u> |
| Restricted fixed asset fund | 29,043,334 | 16,657,072 |
| Pension reserve | (7,745,000) | (4,709,000) |
| Total | <u><u>23,342,832</u></u> | <u><u>13,049,411</u></u> |

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2017 £ | Total 2016 £ |
|---------------------------------|---|--------------------------------------|------------------------------|---|--------------------------|-------------------------|
| Priory Community School Academy | 3,244,296 | 2,130,718 | 274,074 | 1,368,216 | 7,017,304 | 7,070,007 |
| Worle Community School Academy | 2,064,863 | 828,170 | 242,376 | 512,331 | 3,647,740 | - |
| Central Services | 195,482 | 270,939 | 720 | 53,612 | 520,753 | - |
| | <u><u>5,504,641</u></u> | <u><u>3,229,827</u></u> | <u><u>517,170</u></u> | <u><u>1,934,159</u></u> | <u><u>11,185,797</u></u> | <u><u>7,070,007</u></u> |

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 29,043,334 | 29,043,334 |
| Fixed asset investments | 1 | - | - | 1 |
| Current assets | 1,300,565 | 1,423,359 | 587,443 | 3,311,367 |
| Creditors due within one year | (28,130) | (651,297) | (587,443) | (1,266,870) |
| Pension scheme liability | - | (7,745,000) | - | (7,745,000) |
| | <u>1,272,436</u> | <u>(6,972,938)</u> | <u>29,043,334</u> | <u>23,342,832</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Net income for the year (as per Statement of Financial Activities) | 10,274,421 | 2,363,744 |
| Adjustment for: | | |
| Depreciation charges | 501,503 | 363,120 |
| Gift aid donation from subsidiary | (38,253) | (135,770) |
| Interest income | (1,729) | (1,559) |
| (Increase)/decrease in debtors | (294,674) | 38,389 |
| Increase/(decrease) in creditors | 363,866 | (77,329) |
| Capital grants from DfE and other capital income | (432,073) | (2,476,529) |
| Defined benefit pension scheme cost less contributions payable | (29,000) | 42,000 |
| Defined benefit pension scheme finance cost | 142,000 | 111,000 |
| Net assets and liabilities transferred from local authority on conversion | (9,723,170) | - |
| Net cash provided by operating activities | <u>762,891</u> | <u>227,066</u> |

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 2,706,037 | 1,908,808 |
| | <u>2,706,037</u> | <u>1,908,808</u> |

23. 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.

24. CONVERSION TO AN ACADEMY TRUST

On 1 March 2017 Worle Community School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priory Learning Trust from North Somerset for £NIL consideration.

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

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

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------------------|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| - Freehold land and buildings | - | - | 12,104,936 | 12,104,936 |
| - Other tangible fixed assets | - | - | 12,600 | 12,600 |
| Budget surplus/(deficit) on LA funds | 547,634 | - | - | 547,634 |
| LGPS pension surplus/(deficit) | - | (2,942,000) | - | (2,942,000) |
| Net assets/(liabilities) | <u>547,634</u> | <u>(2,942,000)</u> | <u>12,117,536</u> | <u>9,723,170</u> |

The above net assets include £547,634 that was transferred as cash.

Land and buildings have been included in the accounts at an estimation of their value at the date of conversion.

THE PRIORY LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. CAPITAL COMMITMENTS

At 31 August 2017 the Academy had capital commitments as follows:

| | 2017 £ | 2016 £ |
|---|---------------|------------------|
| Contracted for but not provided in these financial statements | <u>84,731</u> | <u>2,233,953</u> |

26. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bath and North East 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 2016.

Contributions amounting to £168,803 were payable to the schemes at 31 August 2017 (2016: £90,086) 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

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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26. PENSION COMMITMENTS (continued)

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £604,372 (2016: £385,000).

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 2017 was £915,000 (2016: £431,000), of which employer's contributions totalled £915,000 (2016: £326,000) and employees' contributions totalled £152,000 (2016: £105,000). The agreed contribution rates for future years are 13.9% for Priory Community School Academy and 17.5% for Worle Community School Academy for employers and 5.5% - 12.5% 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:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.40 % | 2.10 % |
| Rate of increase in salaries | 3.40 % | 3.30 % |
| Rate of increase for pensions in payment / inflation | 2.20 % | 1.90 % |
| Inflation assumption (CPI) | 2.20 % | 1.80 % |

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

| | 2017 | 2016 |
|----------------------|------------|------------|
| Retiring today | | |
| Males | 23.5 years | 23.5 years |
| Females | 26.0 years | 26.0 years |
| Retiring in 20 years | | |
| Males | 26.0 years | 25.8 years |
| Females | 28.7 years | 28.9 years |

| Sensitivity analysis | At 31 August 2017 £ | At 31 August 2016 £ |
|--|---------------------------|---------------------------|
| Discount rate +0.1% | 268,000 | 162,000 |
| Mortality assumption - 1 year increase | (217,000) | (125,000) |
| CPI rate +0.1% | (275,000) | (166,000) |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

26. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|------------------------------|---|---|
| Equities | 2,268,000 | 1,228,000 |
| Government bonds | 512,000 | 297,000 |
| Other bonds | 352,000 | 233,000 |
| Property | 403,000 | 236,000 |
| Cash | 165,000 | (12,000) |
| Other | 879,000 | 450,000 |
| | <u>4,579,000</u> | <u>2,432,000</u> |
| Total market value of assets | <u>4,579,000</u> | <u>2,432,000</u> |

The actual return on scheme assets was £300,000 (2016: £298,000).

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

| | 2017 £ | 2016 £ |
|----------------------|--------------------|------------------|
| Current service cost | (819,000) | (368,000) |
| Past service cost | (61,000) | - |
| Interest income | 60,000 | 71,000 |
| Interest cost | (202,000) | (182,000) |
| Loss on curtailment | (6,000) | - |
| | <u>(1,028,000)</u> | <u>(479,000)</u> |
| Total | <u>(1,028,000)</u> | <u>(479,000)</u> |

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

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|------------------|
| Opening defined benefit obligation | 7,141,000 | 4,518,000 |
| Upon conversion | 3,783,000 | - |
| Current service cost | 819,000 | 368,000 |
| Interest cost | 202,000 | 182,000 |
| Employee contributions | 152,000 | 105,000 |
| Actuarial losses | 200,000 | 2,036,000 |
| Benefits paid | (40,000) | (68,000) |
| Losses on curtailments | 6,000 | - |
| Past service costs | 61,000 | - |
| | <u>12,324,000</u> | <u>7,141,000</u> |
| Closing defined benefit obligation | <u>12,324,000</u> | <u>7,141,000</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

26. PENSION COMMITMENTS (continued)

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

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 2,432,000 | 1,777,000 |
| Upon conversion | 841,000 | - |
| Interest income | 72,000 | 78,000 |
| Actuarial gains | 219,000 | 221,000 |
| Employer contributions | 915,000 | 326,000 |
| Employee contributions | 152,000 | 105,000 |
| Benefits paid | (40,000) | (68,000) |
| Administration expenses | (12,000) | (7,000) |
| | <u>4,579,000</u> | <u>2,432,000</u> |

27. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £ | 2016 £ |
|-------------------------|----------------|--------------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 37,538 | 3,513 |
| Between 1 and 5 years | 65,289 | 3,513 |
| | <u>102,827</u> | <u>7,026</u> |

28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector 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 £850 (2016: £2,094) was charged by First Class Comms Ltd, of which Mark Burland, a Member, is a Director. The balance owed to First Class Comms Ltd at the year end was £Nil (2016: £Nil).

During the period there were various transactions with the Academy's subsidiary company as described in note 15.