

PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members	Neville Coles Andrew McKenzie (Resigned 5 October 2015) Rod Sibley
Trustees	Andrew McKenzie (Resigned 5 October 2015) ^{1,4} John Richardson, Acting Chair ² Neville Coles, Principal ^{1,2,3,4} Rod Sibley, Responsible Officer ^{1,2} Anne Bell, Staff Governor (Resigned 27 March 2015) ^{2,4} Mark Burland (Appointed 6 January 2015) ^{1,2,3} Peter Coleman Charles Cox ¹ Phil Hemming (Resigned 5 October 2015) ¹ Robert Hicks ¹ Tim Martin, Parent Governor (Resigned 2 March 2015) ^{1,2} Eleanor McKenzie (Resigned 2 November 2015) ^{2,3} Fiona Richings ² Kevin Rooke ^{2,3} Graeme Rosenberg ² Bernard Sleeman (Appointed 5 November 2014) ^{1,2,3,4} Neil Tokelove (Appointed 20 October 2014) ² Ian Walbridge (Resigned 16 September 2014) ¹ Fiona Waters ³ Lucinda Burnby-Crouch (Appointed 18 May 2015) Kelvin Sloan, Staff Governor (Appointed 9 November 2015) ¹ Business and Site Committee ² Learning Committee ³ Support Committee ⁴ Risk Management Committee
Company registered number	07698707
Principal and Registered office	Queensway Weston-super-Mare BS22 6BP
Accounting officer	Neville Coles
Leadership Team	Neville Coles, Principal Martin Kerslake, Director of Finance and Business Services Jane McBride, Vice-Principal Rob Berry, Vice-Principal Rhys Phillips, Vice-Principal Jason Edwards, Vice-Principal Justin Dodd, Vice-Principal Sarah Gibbon, Assistant Principal Ian Shopland, Assistant Principal Jacqui Scott, Assistant Principal David Pye, Assistant Principal Louise Daniels, Assistant Principal Tania Caulfield, Principal PA/Clerk to Governors

**PRIORY COMMUNITY SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (continued)

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

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Weston-super-Mare. It has a pupil capacity of 1,200 and had a roll of 1,258 in the school census on 26 February 2015.

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.

The Trustees of Priory Community School 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 cease to be a member.

Trustees' Indemnities

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

TRUSTEES

Method of recruitment and appointment or election of Trustees

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

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

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

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.

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

Policies and Procedures adopted for the Induction and Training of Trustees

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

Trustees are provided with regular training opportunities.

Organisational Structure

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

There are 5 committees as follows:

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

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

The Trustees and Board of Trustees have devolved responsibility for day- to-day management of the Academy to the Principal and Leadership Team (LT).

The Leadership Team (LT) consists of the Principal, Director of Finance and Business Services and Site Committee, 5 Vice Principals, 5 Assistant Principals and the Principal's PA.

The LT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them.

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

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

The Principal is responsible for the appointment of staff, though appointment panels for teaching posts often include a Trustee. It would always include a Trustee for roles at Central Leader level and above.

The Principal is the Accounting Officer.

Connected Organisations, including Related Party Relationships

Priory Community School Enterprises Ltd is a wholly owned subsidiary. Mr Kerslake, Mr Sibley, and Ms Crickson are Directors of Priory Community School Enterprises Ltd. The transactions with Priory Community School Enterprises Ltd are undertaken at arm's length and are disclosed in note 16 of these financial statements.

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

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

The aims of the Academy during the year ended 31 August 2015 are summarised below:

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

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

Objectives, Strategies and Activities

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

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

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

Our 2015 English results were 88% and our mathematics 81% with an overall 5 + with EM DfE figure at 70%. Our 5-year average is 70% %AC with EM. We are in the top two quintiles on all measures in the OFSTED Dashboard – please reference Priory Community School.

We are always looking to improve and 2015-16 is no different.

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

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

1. 70% students will achieve five level 2 including EM qualifications by the time they leave us in 2016
2. At least 80% of students will gain C+ GCSE mathematics and 80% of students will gain GCSE C+ English
3. Three levels of progress will be at 80% in English and mathematics and most areas
4. PCSA Attendance will be outstanding at 97% + it was at 96% in 2015 (top quintile 2014-15)
5. English Baccalaureate conversions are at 95% - we will achieve national average E Bacc of 25%+ in 2016
6. A/A* - All subject areas will meet their targeted levels in 2015
7. PPI – there will be less than 5% 'expected progress' gap between PPI attainment and the rest of the school population

More specific improvement focuses identified for this year include:

- Site Development – capital bids for new food technology rooms and a new science block
- Improving literacy and marking across the school – improved feedback through marking
- Ambitious targets have been set for the end of KS4 for 5AC and for progress in English and maths
- Provision of smaller class sizes through more staffing in maths and English
- Science GCSE for all and moving away from BTEC science
- Further development of our Y11 Evening School
- Introduction of Saturday detentions to add to our high quality behaviour approach
- Analysis of our Progress 8 measure and the introduction of the new NC at PCSA

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.

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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

- We will continue to support Worlebury St Paul's Primary School in Weston-super-Mare with PE teaching – 2 hours per week
- We are supporting West Berkshire LA in 2015-16 – John O'Gaunt school in Hungerford
- We are supporting Weston College with post 16 Rugby Academy – full time member of staff seconded across
- We expect, as in 2014-15, to support a school within SW with support through RSC – we supported Torquay Academy and their outcomes rose from 27% 5AC with EM to 50% in 2014-15
- The Principal is working with Weston College on developing The Children's University

STRATEGIC REPORT

Achievements and Performance

The Academy is in its fourth year of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2015 was 1,262 but this has increased to 1,272 in September 2015 due to another increased Year 7 intake of 256.

The Academy is full in all groups and oversubscribed in many.

Pupil numbers on roll in September 2015 are 1,272. This has increased beyond our Pupil Admission Number of 1,200. Of those students, 326 are entitled to receive additional funding from the Pupil Premium, which equates to 25.6% of the school population.

As a result of our popularity we agreed to an increase in the pupil admission number to 256 for 2014 - 15. Five students were admitted into Year 7 following an appeal.

The Academy is heavily oversubscribed. There were 338 first preference applicants for the 256 places available in Year 7 in September 2015.

The exam outcomes at PCSA are:

5 A to C with EM

2012 – 2015 average 70.2%

2015	70% - 71% left with 5AC with EM from re-sits/discounted qualifications
2014	67% - 72% left with 5AC with EM from 'early entry'
2013	75%
2012	70%
2011	69%
2010	54%
2009	45%
2008	38%
2007	38%
2006	33%
2005	30%
2004	28%

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

2016 FFT D target is 64% 5 A to C EM.

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

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

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

As an Academy we have secured numerous grants of £2.9m and have replaced the old boilers, developed a new Sir Richard Branson SEN Centre (SEN), installed new windows, installed new roofs, built a new sports building, updated sports changing facilities and refurbished the sports hall.

Summer 2015 we find ourselves with:

- 'Outstanding' Ofsted status.
- IIP 'Gold' status
- High performing school over several years - results as shown on OFSTED dashboard against both 'similar' and all schools – a very consistent picture
- Having 350 first choices for entry – 15% of market again with 257 entering school 2015
- High quality self-motivated leadership, which is proactive at all levels – this applies equally to site/ network and teaching teams

Key Performance Indicators

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for January 2015 census were 1,258, an increase of 16 over 2014. It is anticipated that this number will continue to rise.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2015 this was 85.9%, compared to 82.6% in 2014.

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2015 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

During the year ended 31 August 2015, total expenditure of £7,210,055 was covered by recurrent grant funding from the DfE, together with other incoming resources, of £6,987,967. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £126,051.

At 31 August 2015 the net book value of fixed assets was £14,395,143 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 Academy.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, 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 Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

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

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. Day to day management of the surplus funds is delegated to the Principal and Director of Finance within strict guidelines approved by the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 93% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

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

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

PLANS FOR FUTURE PERIODS

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

The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. It will continue to support initial teacher training (ITT).

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community, especially the local primary schools through its investment in additional PE staff providing sporting opportunities in our community. Currently, PE staff work with Worlebury Primary School and others work at Weston College.

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.

Due to our success in working with other schools, we have been asked to continue this work regionally and nationally.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

**PRIORY COMMUNITY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

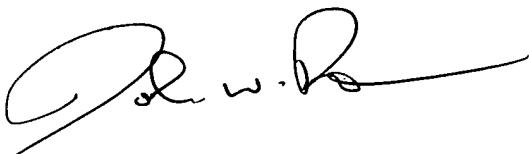
AUDITORS

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 14.12.2015 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'J. Richardson', with a long horizontal flourish extending to the right.

**John Richardson
Acting Chair of Trustees**

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Priory Community School 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 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 Priory Community School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 5 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
Neville Coles	4	5
Andrew McKenzie	5	5
John Richardson	4	5
Rod Sibley	5	5
Anne Bell, Staff Governor	2	3
Mark Burland	3	3
Peter Coleman	4	5
Charles Cox	5	5
Phil Hemming	0	5
Robert Hicks	4	5
Tim Martin	0	3
Eleanor McKenzie	4	5
Fiona Richings	5	5
Kevin Rooke	3	5
Graeme Rosenberg	2	5
Bernard Sleeman	4	4
Neil Tokelove	4	4
Ian Walbridge	0	0
Fiona Waters	4	5
Lucinda Burnby-Crouch	1	2

Governance reviews:

Full Governing body meets 5 times per year and is well attended. All sub-committee reports are made available on-line to all Governors and the Chair of each sub-committee provides a brief outline of the report at the meeting followed by a short Q&A on any item that further clarification is required.

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

During the recent OFSTED examination of the school Governors were interviewed and documents examined to ensure compliance.

The Business and Site (B&S) sub-committee is provided with a detailed financial breakdown 6 times per year supported with information on any variance to plan. The meeting also reviews current works, proposed works and the business development plan.

RO reports are reviewed at the next meeting following the RO/Accounting audits.

**PRIORY COMMUNITY SCHOOL
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GOVERNANCE STATEMENT (continued)

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

Risk Management committee meets 3 times per year. Information from this meeting is also reported back into the B&S meeting.

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

The skill areas covered were:

- Providing strategic leadership
- Ensuring accountability
- Acting as a critical friend

The Business and Site Committee is a sub-committee of the main Board of Trustees. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Andrew McKenzie	6	7
Neville Coles	5	7
Rod Sibley	7	7
Anne Bell	1	1
Charles Cox	5	7
Mark Burland	3	5
Robert Hicks	4	7
Tim Martin	1	7
John Richardson	2	7
Bernard Sleeman	2	6
Neil Tokelove	1	1

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year as follows:

- I am very satisfied that robust financial procedures operate throughout the Academy. These focus on ensuring that we achieve value for money. Sign off limits are set for all orders and requirements for quotations and tender processes are fully detailed in our financial procedures and are rigorously enforced.
- The operation of our financial procedures are regularly audited by our Responsible Officer assisted by our auditors with any recommendations for improvements being immediately implemented.
- Our recent OfSTED inspection, November 2014, graded us 'outstanding' in all categories. Our mastery in managing the finances of the school including the additional income we raise through our trading company has ensured that we have had the resources necessary to achieve this grading.
- Ultimately it is parents who decide if we are providing a good service, and they continue to welcome the education we provide which is evidenced in that we continue to be oversubscribed, 338 first choice applications for 256 places in 2015, (334 for 256 places in 2014).
- Results for English and maths Expected Progress (three levels) in 2013 and 2014 were significantly above the national measures. For 2015 results English and maths expected progress are expected to be

GOVERNANCE STATEMENT (continued)

significantly above the national results again when national results are published in December. English Expected Progress was 91% (national measure for 2014 was 70%) and maths Expected Progress was 83% (national measure for 2014 was 65%). Results for English and maths More than Expected Progress (four levels) in 2015 are also expected to be significantly above the national results. English More than Expected Progress was 57% (national measure for 2014 was 32%) and maths More than Expected Progress was 40% (national measure for 2014 was 29%).

- We regularly review our staffing structure and deploy staff to target areas of the curriculum that benefit from development and additional support. We endeavour to have smaller class sizes and often provide intervention, one to one support and many extra-curricular activities.
- Performance of our pupil premium students is better than the national average for pupil premium students. However in several areas our pupil premium students perform significantly better than the national average and are in line with the national result for all students.
- We have been successful with grant applications, working with other establishments and as a result have recently renewed the sport hall flooring, refurbished the sports changing rooms and completed the provision of a health and fitness centre on site.
- We provide support to other schools in the local area and Wales and have been asked by the Regional Schools Commissioner to assist in supporting other schools in the South-West.
- Where appropriate we utilise experts to guide us in relations 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 Priory Community School for the year 1 September 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

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. In particular the checks carried out in the current period included:

- Expenditure February 2015, Payroll May 2015, Income July 2015 and Accounting systems August 2015.

On a quarterly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. During the year there were no significant matters to report.


REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 14.12.2015 and signed on its behalf, by:



**John Richardson
Acting Chair of Trustees**



**Neville Coles, Principal
Accounting Officer**

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Priory Community School I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Neville Coles, Principal
Accounting Officer**

Date: 14.12.2015

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

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

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

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



**John Richardson
Acting Chair of Trustees**

Date: 14.12.2015

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIORY COMMUNITY SCHOOL

We have audited the financial statements of Priory Community School for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIORY COMMUNITY SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Joseph Scaife FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT
Date: 16/12/15

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 27 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Priory Community School during the year 1 September 2014 to 31 August 2015 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 Priory Community School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Priory Community School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Priory Community School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PRIORY COMMUNITY SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Priory Community School's funding agreement with the Secretary of State for Education dated 17 August 2011, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

B. Fleming LLP

Joseph Scaife FCA DChA (Reporting Accountant)

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

Date:

16/12/15

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	7,539	-	7,539	6,871
Activities for generating funds	3	120,798	7,484	-	128,282	106,072
Investment income	4	111,419	-	-	111,419	103,717
Incoming resources from charitable activities	5	255,899	6,484,828	-	6,740,727	6,950,487
TOTAL INCOMING RESOURCES		488,116	6,499,851	-	6,987,967	7,167,147
RESOURCES EXPENDED						
Cost of generating funds		116,527	-	-	116,527	96,265
Charitable activities	7,8	243,844	6,486,969	348,139	7,078,952	6,735,581
Governance costs	9	-	14,576	-	14,576	14,103
TOTAL RESOURCES EXPENDED	6	360,371	6,501,545	348,139	7,210,055	6,845,949
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		127,745	(1,694)	(348,139)	(222,088)	321,198
Transfers between Funds	18	-	(285,210)	285,210	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		127,745	(286,904)	(62,929)	(222,088)	321,198
Actuarial losses on defined benefit pension schemes		-	(166,000)	-	(166,000)	(473,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		127,745	(452,904)	(62,929)	(388,088)	(151,802)
Total funds at 1 September		686,877	(2,256,194)	14,458,072	12,888,755	13,040,557
TOTAL FUNDS AT 31 AUGUST		814,622	(2,709,098)	14,395,143	12,500,667	12,888,755

All activities relate to continuing operations.

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

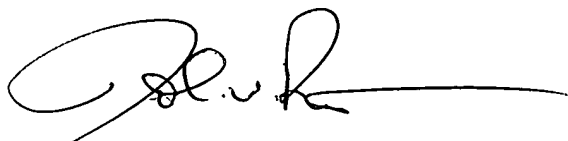
The notes on pages 25 to 43 form part of these financial statements.

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07698707**

**BALANCE SHEET
AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		14,395,143		14,458,072
Investments	15		1		1
			14,395,144		14,458,073
CURRENT ASSETS					
Debtors	16	242,736		360,477	
Cash at bank and in hand		997,116		1,023,725	
		1,239,852		1,384,202	
CREDITORS: amounts falling due within one year	17	(393,329)		(495,520)	
NET CURRENT ASSETS			846,523		888,682
TOTAL ASSETS LESS CURRENT LIABILITIES			15,241,667		15,346,755
Defined benefit pension scheme liability	24		(2,741,000)		(2,458,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			12,500,667		12,888,755
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	18	31,902		201,806	
Fixed asset funds	18	14,395,143		14,458,072	
Restricted funds excluding pension liability		14,427,045		14,659,878	
Pension reserve		(2,741,000)		(2,458,000)	
Total restricted funds			11,686,045		12,201,878
Unrestricted funds	18		814,622		686,877
TOTAL FUNDS			12,500,667		12,888,755

The financial statements were approved by the Trustees, and authorised for issue, on 14.12.2015 and are signed on their behalf, by:



**John Richardson
Acting Chair of Trustees**

The notes on pages 25 to 43 form part of these financial statements.

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	196,636	287,284
Returns on investments and servicing of finance	21	68,022	56,851
Capital expenditure and financial investment	21	(285,210)	(241,341)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(20,552)	102,794
Financing	21	(6,057)	(9,971)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(26,609)	92,823

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(26,609)	92,823
Cash outflow from decrease in debt and lease financing	6,057	9,971
MOVEMENT IN NET FUNDS IN THE PERIOD	(20,552)	102,794
Net funds at 1 September 2014	1,017,668	914,874
NET FUNDS AT 31 AUGUST 2015	997,116	1,017,668

The notes on pages 25 to 43 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.7 INVESTMENTS

Subsidiary Investments are stated at cost at the balance sheet date.

1.8 OPERATING LEASES

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

1.9 TAXATION

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

1.10 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 GROUP ACCOUNTING

In preparing the financial statements the Academy has taken the exemption under FRS 2 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.

PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	-	7,539	7,539	6,871

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	1,000	-	1,000	1,000
Other	119,798	7,484	127,282	105,072
	120,798	7,484	128,282	106,072

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Gift Aid donation from subsidiary	109,967	-	109,967	102,078
Bank interest	1,452	-	1,452	1,639
	111,419	-	111,419	103,717

PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	24,743	24,743	79,547
General Annual Grant	-	6,039,963	6,039,963	5,949,243
Other DfE/EFA grants	-	338,422	338,422	331,574
	-	6,403,128	6,403,128	6,360,364
Other government grants				
High Needs	-	46,172	46,172	54,162
Other government grants non capital	-	31,528	31,528	4,842
Other government grants: capital	-	-	-	218,404
	-	77,700	77,700	277,408
Other funding				
Income for hosting trainee teachers	21,803	-	21,803	28,311
School trips and other income	125,141	4,000	129,141	183,184
Nursery income funded	90,203	-	90,203	76,710
Nursery income unfunded/fee paying	18,752	-	18,752	24,510
	255,899	4,000	259,899	312,715
	255,899	6,484,828	6,740,727	6,950,487

6. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other 2015 £	Total 2015 £	Total 2014 £
Costs of generating funds	-	-	116,527	116,527	96,265
COSTS OF GENERATING FUNDS	-	-	116,527	116,527	96,265
Direct costs	3,397,900	249,194	671,829	4,318,923	4,145,747
Support costs	1,789,587	481,317	489,125	2,760,029	2,589,834
CHARITABLE ACTIVITIES	5,187,487	730,511	1,160,954	7,078,952	6,735,581
GOVERNANCE	-	-	14,576	14,576	14,103
	5,187,487	730,511	1,292,057	7,210,055	6,845,949

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7. DIRECT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	68,730	70,000
Educational supplies	272,775	278,682
Examination fees	109,184	133,812
Staff development	25,954	17,965
School trips and other costs	96,730	102,710
Supply teachers	1,175	12,255
Wages and salaries	2,804,826	2,675,693
National insurance	207,571	193,012
Pension cost	383,839	364,835
Depreciation	348,139	296,783
	<u>4,318,923</u>	<u>4,145,747</u>

8. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	10,270	-
Other costs	215	1,812
Recruitment and support	50,943	37,305
Maintenance of premises and equipment	307,256	299,375
Cleaning	24,682	25,009
Rent and rates	46,807	45,190
Energy costs	102,572	106,411
Insurance	81,169	78,934
Security and transport	25,001	13,728
Catering	47,612	49,343
Technology costs	87,942	66,398
Office overheads	52,861	67,966
Professional fees, including legal, purchased services and subscriptions	131,456	129,526
Bank interest and charges	1,656	257
Wages and salaries	1,436,421	1,377,693
National insurance	78,960	77,333
Pension cost	274,206	213,554
	<u>2,760,029</u>	<u>2,589,834</u>

PRIORY COMMUNITY SCHOOL
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9. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	7,365	7,365	6,850
Auditors' non audit costs	-	4,710	4,710	4,775
Legal and Professional	-	893	893	1,188
Support services and other costs	-	1,608	1,608	1,290
	-	14,576	14,576	14,103

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	348,139	296,783
Auditors' remuneration	7,365	6,850
Auditors' remuneration - non-audit	4,710	4,775
Operating lease rentals:		
- plant and machinery	7,510	10,016

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,234,785	4,029,642
Social security costs	286,531	270,345
Other pension costs (Note 24)	658,045	578,389
	5,179,361	4,878,376
Supply teacher costs	1,664	12,255
Staff restructuring costs	6,462	23,744
	5,187,487	4,914,375

b. Staff severance payments

Included in staff restructuring cost is 1 non-statutory/non-contractual severance payment totalling £6,462 (2014: two totalling £23,744).

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11. STAFF (continued)

c. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	As Restated 2014 No.
Teachers	61	61
Administration and Educational Support	74	72
Management	11	11
	<u>146</u>	<u>144</u>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1

One (2014: One) of the above employees participated in the Teachers' Pension Scheme. Annual equivalent pension contributions during the year ended 31 August 2015 for these staff members amounted to £13,695 (2014: £13,224). The remaining employee participated in the Local Government Pension Scheme. Annual equivalent pension contributions during the period ended 31 August 2015 for this staff member amounted to £8,246 (2014: £7,652).

12. DIRECTORS REMUNERATION DETAILS

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of the remuneration fell within the following bands: N Coles gross: £90,000-£100,000, pension: £10,000-£15,000 (2014: gross: £105,000-£110,000, pension: £15,000-£20,000), A Bell £Nil (2014: gross: £50,000-£55,000, pension: £5,000-£10,000), E McKenzie gross: £15,000-£20,000, pension: £0-£5,000 (2014: gross: £5,000-£10,000, pension: £0-£5,000) and L Burnby-Crouch gross: £25,000-£30,000, pension: £0-£5,000 (2014:£Nil).

During the year, no Trustees received any reimbursement of expenses (2014: £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 and the cost for the year ended 31 August 2015 and 31 August 2014 was included in the total insurance cost.

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FOR THE YEAR ENDED 31 AUGUST 2015

14. TANGIBLE FIXED ASSETS

	Freehold property £	Plant, machinery, furniture and fittings £	Motor vehicles £	Computer equipment £	Total £
COST					
At 1 September 2014	15,003,165	56,340	14,745	243,258	15,317,508
Additions	95,003	97,397	51,322	41,488	285,210
At 31 August 2015	15,098,168	153,737	66,067	284,746	15,602,718
DEPRECIATION					
At 1 September 2014	653,193	30,363	11,212	164,668	859,436
Charge for the year	249,194	46,183	3,533	49,229	348,139
At 31 August 2015	902,387	76,546	14,745	213,897	1,207,575
NET BOOK VALUE					
At 31 August 2015	14,195,781	77,191	51,322	70,849	14,395,143
At 31 August 2014	14,349,972	25,977	3,533	78,590	14,458,072

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

15. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 September 2014 and 31 August 2015	1

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Holding
Priory Community School Enterprises Limited	100%

The aggregate of the share capital and reserves as at 31 August 2015 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	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. FIXED ASSET INVESTMENTS (continued)

TRANSACTIONS

During the year ended 31 August 2015 Priory Community School (the Academy) was reimbursed £119,226 (2014: £99,933) by Priory Community School Enterprises Limited (PCSE) for expenditure (including staff costs) paid for by the Academy. PCSE paid the Academy the agreed charge of £1,000 (2014: £1,000) for the use of the facilities and at the year end the Academy accrued £109,667 (2014: £102,078) as a Gift Aid donation from PCSE. At the year end the Academy was owed £91,936 (2014: £102,064).

16. DEBTORS

	2015 £	2014 £
Trade debtors	1,172	706
Amounts owed by group undertakings	91,936	102,064
VAT recoverable	25,749	45,311
Prepayments and accrued income	123,879	212,396
	<u>242,736</u>	<u>360,477</u>

17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Loans	-	6,057
Other taxation and social security	87,180	86,955
Other creditors	82,773	75,120
Accruals and deferred income	223,376	327,388
	<u>393,329</u>	<u>495,520</u>

DEFERRED INCOME

Deferred income at 1 September 2014	90,648
Resources deferred during the year	54,279
Amounts released from previous years	(90,648)
Deferred income at 31 August 2015	<u>54,279</u>

At the balance sheet date the Academy was holding EFA funding and school trips income received in advance for the 2015-16 academic year.

PRIORY COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	686,877	379,161	(263,324)	-	-	802,714
Nursery	-	108,955	(97,047)	-	-	11,908
	<u>686,877</u>	<u>488,116</u>	<u>(360,371)</u>	<u>-</u>	<u>-</u>	<u>814,622</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	136,392	6,039,963	(5,891,145)	(285,210)	-	-
High Needs	-	46,172	(46,172)	-	-	-
Pupil premium	-	291,283	(291,283)	-	-	-
Other restricted funds	-	39,023	(39,023)	-	-	-
Devolved Formula Capital	10,074	24,743	(6,437)	-	-	28,380
Other EFA funding	5,340	58,667	(60,485)	-	-	3,522
Weston College	50,000	-	(50,000)	-	-	-
Pension reserve	(2,458,000)	-	(117,000)	-	(166,000)	(2,741,000)
	<u>(2,256,194)</u>	<u>6,499,851</u>	<u>(6,501,545)</u>	<u>(285,210)</u>	<u>(166,000)</u>	<u>(2,709,098)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	11,001,267	-	(206,057)	-	-	10,795,210
Fixed assets purchased from GAG and other restricted funds	3,456,805	-	(142,082)	285,210	-	3,599,933
	<u>14,458,072</u>	<u>-</u>	<u>(348,139)</u>	<u>285,210</u>	<u>-</u>	<u>14,395,143</u>
Total restricted funds	12,201,878	6,499,851	(6,849,684)	-	(166,000)	11,686,045
Total of funds	<u>12,888,755</u>	<u>6,987,967</u>	<u>(7,210,055)</u>	<u>-</u>	<u>(166,000)</u>	<u>12,500,667</u>

PRIORY COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

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

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

Pupil Premium - Funding represents amounts received from the EFA to cater for disadvantaged pupils.

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

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

Weston College - Funding received from Weston College to assist with the installation of a fitness suite.

Pension reserve - Represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

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

FIXED ASSET FUNDS

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

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	686,877	488,116	(360,371)	-	-	814,622
Restricted funds	(2,256,194)	6,499,851	(6,501,545)	(285,210)	(166,000)	(2,709,098)
Restricted fixed asset funds	14,458,072	-	(348,139)	285,210	-	14,395,143
	<u>12,888,755</u>	<u>6,987,967</u>	<u>(7,210,055)</u>	<u>-</u>	<u>(166,000)</u>	<u>12,500,667</u>

PRIORY COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	14,395,143	14,395,143	14,458,072
Fixed asset investments	1	-	-	1	1
Current assets	814,621	425,231	-	1,239,852	1,384,202
Creditors due within one year	-	(393,329)	-	(393,329)	(495,520)
Pension scheme liability	-	(2,741,000)	-	(2,741,000)	(2,458,000)
	<u>814,622</u>	<u>(2,709,098)</u>	<u>14,395,143</u>	<u>12,500,667</u>	<u>12,888,755</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources	(222,088)	321,198
Returns on investments and servicing of finance	(68,022)	(56,851)
Depreciation of tangible fixed assets	348,139	296,783
Capital grants from DfE and Local Authority	-	(297,951)
Decrease/(increase) in debtors	117,741	(51,701)
Decrease in creditors	(96,134)	(2,194)
Defined benefit pension scheme adjustments	117,000	78,000
NET CASH INFLOW FROM OPERATIONS	<u>196,636</u>	<u>287,284</u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,452	1,639
Income from investments	66,570	55,212
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>68,022</u>	<u>56,851</u>
	2015 £	2014 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(285,210)	(1,390,086)
Capital grants from the DfE and Local Authority	-	1,148,745
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(285,210)</u>	<u>(241,341)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2015 £	2014 £
FINANCING		
Repayment of loans	(6,057)	(9,971)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	31 August 2015 £
Cash at bank and in hand:	1,023,725	(26,609)	997,116
DEBT:			
Debts due within one year	(6,057)	6,057	-
NET FUNDS	1,017,668	(20,552)	997,116

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. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £339,700 (2014: £326,716).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

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 2015 was £387,000, of which employer's contributions totalled £290,000 and employees' contributions totalled £97,000. The agreed contribution rates for future years are 13.3% since April 2015 and 13.9% from April 2016 for employers and 5.5% - 7.5% for employees.

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

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24. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	6.50	988,000	7.00	770,000
Government Bonds	2.50	160,000	2.90	120,000
Property	6.10	201,000	6.20	106,000
Cash	0.50	144,000	0.50	46,000
Other Bonds	3.80	39,000	3.80	149,000
Other	6.50	245,000	7.00	205,000
Total market value of assets		<u>1,777,000</u>		<u>1,396,000</u>
Present value of scheme liabilities		<u>(4,518,000)</u>		<u>(3,854,000)</u>
Deficit in the scheme		<u><u>(2,741,000)</u></u>		<u><u>(2,458,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(4,518,000)	(3,854,000)
Fair value of scheme assets	<u>1,777,000</u>	<u>1,396,000</u>
Net liability	<u><u>(2,741,000)</u></u>	<u><u>(2,458,000)</u></u>

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

	2015 £	2014 £
Current service cost	(328,000)	(262,000)
Interest on obligation	(162,000)	(152,000)
Expected return on scheme assets	<u>83,000</u>	<u>82,000</u>
Total	<u><u>(407,000)</u></u>	<u><u>(332,000)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	3,854,000	3,141,000
Current service cost	328,000	262,000
Interest cost	162,000	152,000
Contributions by scheme participants	97,000	86,000
Actuarial losses	101,000	246,000
Benefits paid	(24,000)	(33,000)
Liability transferred on conversion	-	-
Closing defined benefit obligation	<u>4,518,000</u>	<u>3,854,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,396,000	1,234,000
Expected return on assets	83,000	82,000
Actuarial gains and (losses)	(65,000)	(227,000)
Contributions by employer	290,000	254,000
Contributions by employees	97,000	86,000
Benefits paid	(24,000)	(33,000)
	<u>1,777,000</u>	<u>1,396,000</u>

The cumulative amount of actuarial losses recognised in the Statement of total recognised losses was £522,000 (2014: £356,000).

The Academy expects to contribute £285,000 to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	55.60 %	55.10 %
Government bonds	9.00 %	8.60 %
Other bonds	11.30 %	10.70 %
Property	8.10 %	7.60 %
Cash	2.20 %	3.30 %
Other	13.80 %	14.70 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Expected return on scheme assets at 31 August	5.28 %	5.66 %
Rate of increase in salaries	3.80 %	3.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.20 %
Inflation assumption (CPI)	2.30 %	2.20 %

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24. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	23.4 years	23.3 years
Females	25.9 years	25.8 years
Retiring in 20 years		
Males	25.8 years	25.7 years
Females	28.8 years	28.7 years

Experience adjustments for the current period are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(4,518,000)	(3,854,000)	(3,141,000)	(2,756,000)
Scheme assets	1,777,000	1,396,000	1,234,000	789,000
Deficit	(2,741,000)	(2,458,000)	(1,907,000)	(1,967,000)
Experience adjustments on scheme liabilities	(101,000)	(246,000)	-	(113,000)
Experience adjustments on scheme assets	(65,000)	(227,000)	143,000	(26,000)

25. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
EXPIRY DATE:		
Within 1 year	-	2,900
Between 2 and 5 years	9,661	5,300

**PRIORY COMMUNITY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

26. 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 £796 (2014: £Nil) was charged by First Class Comms Ltd, of which Mark Burland, a Trustee, is a Director. At the year end this amount was included within accruals.

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