

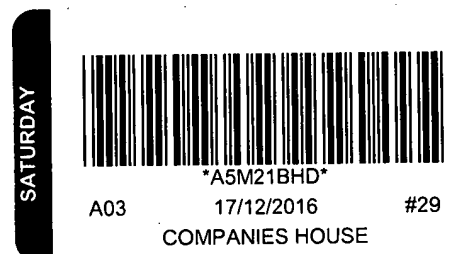
Registration number: 07740632

Cartmel Priory Church of England School Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



Stables Thompson & Briscoe
Chartered Accountants & Statutory Auditor
Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

Cartmel Priory Church of England School Academy Trust

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Cartmel Priory Church of England School Academy Trust

Reference and Administrative Details

Members	Dorothy Janette Mary Lownds, Chairperson Reverend Nick Ash (resigned 31 August 2016) Carlisle Diocesan Board of Finance The Right Reverend James Newcome The Ven Reverend Penny Driver
Governors	Susan Dean Penelope Maralyn Hollander (resigned 31 July 2016) Doctor Paul Stanley Williams Reverend Nick Devenish Reverend Nick Ash (resigned 31 August 2016) Sarah Smith, Staff Governor (resigned 31 August 2016) Leslie Spring, Vice Chairperson Stephen Bell Kryisia Carmichael David Nicholson Joanne Claire Coulston, Staff Governor Irene Allan Louise Shrapnel Gemma Brown, Staff Governor (appointed 1 September 2015) Jane Panton, LA Governor (appointed 17 May 2016)
Company Secretary	Joanne Claire Coulston
Head Teacher	Doctor Paul Stanley Williams
Senior Management Team	Doctor Paul Williams, Principal Catherine Louise Ashcroft Joanne Claire Coulston
Principal and Registered Office	Cartmel Priory Church of England School Headless Cross Cartmel Grange-over-Sands Cumbria LA11 7SA
Company Registration Number	07740632

Cartmel Priory Church of England School Academy Trust

Reference and Administrative Details (continued)

Auditors	Stables Thompson & Briscoe Chartered Accountants & Statutory Auditor Lowther House Lowther Street Kendal Cumbria LA9 4DX
Bankers	Barclays Bank Plc 9 Highgate Kendal Cumbria LA9 4DF
Solicitors	Schofield Sweeney Springfield House 76 Wellington Street Leeds West Yorkshire LS1 2AY

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016

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

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07740632.

The governors act as the trustees for the charitable activities of Cartmel Priory Church of England School Academy Trust and 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 page 1.

Membership

The Members of the academy trust shall comprise of five members:

- the Diocesan Board of Finance
- the Diocesan Bishop
- the Archdeacon of Westmorland & Furness
- the Incumbent
- the Chair of the Governors

One person may be appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose.

The Full Governing Body is responsible to the academy trust members and to the school, its staff, students and parents for the successful leadership and management of the school. The governors also act as the directors for the charitable activities of Cartmel Priory Church of England Academy Trust. The charitable company is known as Cartmel Priory Church of England School Academy Trust.

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.

Trustees' indemnities

Governors indemnity insurance is purchased by the academy school to protect the governors in carrying out their work with due diligence.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Method of recruitment and appointment or election of Trustees

The Governors are appointed under the terms of the academy's articles of association as follows:-

- not less than nine foundation governors – appointed by the trust members
- up to three staff governors – appointed by the trust members after being elected by members of staff
- up to one Local Authority governor – appointed by the Local Authority
- two parent governors – elected by the parents of pupils registered at the academy
- the Principal/Headteacher – ex officio
- any additional governors – appointed by the Secretary of State
- The academy trust may also have co-opted governors if agreed by the Diocesan Board of Education

The term of office for all governors, except the Headteacher, is four years. The Headteacher's term of office runs in parallel with their contract of employment.

Policies and procedures adopted for the induction and training of Trustees

During the period under review, the governors held six meetings. An induction pack is provided for all new governors. Where necessary, an induction will provide training on charity and educational legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and pupils. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors of the charitable company.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration range of the academy's key management personnel who are teachers is set by the Governors based on the requirements of the school pay policy and the School Teachers' Pay and Conditions Document. The pay and remuneration range of the academy's key management personnel who are not teachers is set by Governors considering comparability of pay with employees holding similar posts in similar establishments. Information from other sources including the Academy's accountants for budget information and union and government guidelines is also considered. Decisions about pay movement within these defined parameters are made by the Pay Sub-committee of the Governors.

Organisational structure

As specified in the Memorandum of Association, the governors are responsible for setting general policy, adapting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, and senior staff appointments. The governors are responsible for the monitoring and performance of the Headteacher.

The Senior Leadership Team (SLT) members for the academy are the Headteacher, Deputy Headteacher and Business Manager. These managers control the academy at an executive level, implementing the policies laid down by the governors and reporting back to them. As a group, the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, through appointment boards for the post of the SLT always containing a governor. Some spending control is devolved to members of the leadership team, with limits above which a senior manager must countersign. The SLT is supported by members of the extended SLT, that is the Director of Pastoral Care and the Director of Specialist Science School.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Risk management

The governors have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The governors have implemented, or reviewed a number of systems, to assess risks that the school faces, in particular in operational areas (e.g. in relation to teaching, health and safety, safeguarding and educational visits) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of staff, procedures for visitors etc.) and internal financial controls (see below) to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover where this can be put into place. The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

Connected organisations, including related party relationships

Cartmel Priory Church of England School is a member of the South Lakes Federation. The South Lakes Federation is made up of nine secondary schools, Kendal College and a special school within the South Lakes area. There is close collaboration between all the schools within the federation providing an opportunity for curriculum enrichment, access for students to vocational courses and support for Gifted and Talented students. The federation also provides a strong and rigorous accountability structure which ensures all members are monitored and supported in their aspiration to provide the very best education for the students of the South Lakes Federation area.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of the academy to provide education for pupils of different abilities between the ages of 11 and 16.

In accordance with the articles of association, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy and that the curriculum should comply with the requirements of the Department for Education.

Objectives, strategies and activities

This school is founded on Christian principles of care and mutual respect, and a belief that all children are loved by God. The school provides excellent support for its students in a secure and happy environment where each individual student is challenged to reach their full potential.

Our mission statement Run Faster; Reach Further; Aim Higher; Grow Tall; Work Harder; Think Deeper; Laugh Louder; Love All reflects our commitment to do our best to help every pupil to fulfil their potential academically, physically, socially, morally and spiritually. This is supported by our chosen scripture quote John 10:10 'I have come that you may have life and live it to the full'.

The governor's specific objectives for 2015-16 were:

- To support the school in achieving its academic targets for 2015-2016;
- To effectively manage resources in order to achieve the Academy Trust's Objectives;
- To ensure every child's welfare and academic progress is core to the work of the school;
- To ensure that the school's distinctive Christian ethos is reflected in all areas of school life;
- To support the continued development of high quality teaching and learning; and
- To maintain effective financial management and control of the academy's funds.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

The strategies for achieving these objectives are laid out in detail in the school development plan 2014-17 which has detailed actions under each of the following key headings:

- Attainment
- Teaching and Learning
- Personal Development and Ethos
- Leadership and Management
- Science Status

Principal activities

The academy trust's object is to advance education for the public benefit 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 with a designated Church of England religious character. The academy trust offers a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and, in particular, in relation to arranging for religious education and daily acts of worship (as required by the funding agreement), and in having regard to the advice of the Diocesan Board of Education.

Public benefit

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and, in particular, to its supplementary public benefit guidance on advancing education.

The objective of the academy is to advance for the public benefit education in the peninsula and in the surrounding area, offering a broad curriculum.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

Academic Achievement

Cartmel Priory Church of England School was judged to be good by Ofsted in June 2013 and outstanding by SIAMS in March 2015. Progress made by students was outstanding for the second year in a row, with a Progress 8 score of +0.50, which means students scored ½ a GCSE grade per subject better than students of similar ability nationally. We expect this to be the highest progress score achieved by a secondary school in Cumbria. English, maths, E-Baccalaureate and Open subjects all performed well and achieved positive progress scores. Religious Studies continued to perform well, achieving outstanding exam results. All pupil sub-groups achieved positive Progress 8 scores.

Exam results summary 2016

	All	PP	Upper	Middle	Lower
Attainment 8	54.61	51.00	63.88	54.27	40.90
Progress 8	.50	.50	.60	.52	.89
P8 English	.16	.27			
P8 Maths	.64	.68			
P8 E-Bacc	.78	.91			
P8 Open	.36	.45			
% 2C+ in E & M	78%	67%			
% E-Bacc	13%	0%			
% E-Bacc entry	15%	0%			

Progress 8 2016 2016

	(all)	(PP)
Overall	.50	.60
English	.16	.27
Maths	.64	.68
E-Bacc	.78	.91
Open	.36	.45

All students were found appropriate post-16 destinations on leaving school, with A levels, vocational studies at level 2 and level 3, apprenticeships and on the job training being the routes followed.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Other achievements

On the wider school front, there was an extremely successful and well attended languages trip to Germany.

Whilst the school production last year, The Sound of Music was amazing, the whole cast were superb and Head Girl Lucia lit up the stage as Maria.

Over 50 students completed their John Muir Discovery Award and 15 students completed the John Muir Explorer Award. This included 11 of the group travelling to Glenlude in Scotland for a weekend's wild camping to carry out conservation work for the John Muir Trust.

On the sports front Kelsey was selected for the England U17 football team to play in the World Cup Finals. Matthew was selected to play District Rugby and Emma District Hockey. Lisa and Rebecca selected for the South Lakes X Country team, Moses selected for the South Lakes Athletics, and Joe and Coby represented Great Britain at Baseball. Whilst the schools dancers once again performed admirably at the Brewery Arts Dance Platform.

A wide range of pupils represented school at football, rugby, netball, hockey, athletics, X country, orienteering, tennis, Badminton, cricket, and rounder's. With all the pupils in school contributing to three highly competitive House Sports Days in sports ranging from Football and Tennis to Boccia and Athletics.

Pupils from all years and the BTEC Sports Leaders helped plan and organise primary school events and festivals including multi-skills, football, netball and gymnastics. And in the summer term provided invaluable aid to Mrs Hill, Mr Nichol of Leven Valley and the Primary Sports Link Teachers in organising and running the Rio Primary Olympics for primary pupils from across the peninsula.

Students also performed well in the Top of the Form Competition (semi-finalists) and Rotary Photography (2 highly commended entries) and Technology (2nd place) competitions.

Students also contributed generously to charities including MacMillan Cancer Care, Jeans for Genes, JDRF, Children In Need, the Poppy Appeal, The Children's Society, The Goat Project for widows, Mango Tree, Medequip4kids and Cancer Research.

The School Mission Group continues to contribute significantly to the school's Christian ethos and character.

Attendance

Overall attendance for the year 2015-16 was 94.6%. The percentage of students who are classed as persistent absentees (attendance<85%) was 4.5% (national average 5.6%, 2014-15).

Exclusions

For the ninth year in a row, there were no permanent exclusions. 2.1% of students were excluded for a fixed term during the year, significantly below the national average.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Christian character and ethos

SIAMS 2015 identified the following strengths:

- The quotation from 10:10 'I have come that they may have life and have life to the full' is clearly the guiding principle for all decisions made in the school and ensures that a wide range of opportunities is available for students and staff, including those that promote their personal well-being and spiritual, moral, social and cultural (SMSC) development;
- The deeply embedded and explicitly articulated belief that all people are loved by God ensures that staff and students alike receive care and support of the highest quality;
- Close, positive relationships with local clergy and churches enrich the Christian ethos of the school and develop a good understanding of diverse Christian traditions;
- The school, through its distinctive Christian character is outstanding in meeting the needs of all learners.

Going concern

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

Financial review

Cartmel Priory Church of England School Academy Trust financial statements are for the period from 1 September 2015 to 31 August 2016.

The vast majority of the academy's income is obtained from the Education Funding Agency (EFA) in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the related expenditure are shown as restricted funds in the statement of financial activities.

Financial and risk management objectives and policies

The governors rigorously assess and monitor any risks and uncertainties facing the academy trust on an annual basis.

Under Financial Reporting Standard 17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any liquidity problem. The employer contributions have been assessed and the contributions rate has been amended as per the guidance to bring a reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover. The current percentages used to calculate contributions will now not change before 2017.

Reserves policy

The level of reserves held takes into account the nature of the income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of the reserves. The governors will keep the level of reserves under review.

Reserves at the end of the year were made up of fixed asset funds £142,870, restricted income funds £168,977, the pension deficit £(833,000) and unrestricted funds of £177,775, a total deficit of £(343,378). If you exclude the pension deficit, this is an improvement on last year by £8,483.

Cartmel Priory Church of England School Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Investment policy

The academy school holds funds only to be assured of liquidity to finance current expenditure and neither has nor expects to acquire funds for investment to generate income or cover significant capital provisions.

Principal risks and uncertainties

Risk management

The governors have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The governors have implemented, or reviewed a number of systems, to assess risks that the school faces, in particular in operational areas (e.g. in relation to teaching, health and safety, safeguarding and educational visits) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of staff, procedures for visitors etc.) and internal financial controls (see below) to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover where this can be put into place. The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

Plans for future periods

The academy trust is intending on continuing with internal and external improvements to the building in line with the premises plan including, but not limited to, the replacement of ceilings and lighting which will result in a further reduction in the energy consumption. The provision of a new sports hall facility is a high priority but funding streams are not readily available and the trust actively seeks external funding to ensure this can go ahead in future years.

Funds held as Custodian Trustee on behalf of others

The academy does not hold funds as custodian trustee.

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 5 December 2016 and signed on its behalf by:


Dorothy Janette Mary Lownds
Member

Cartmel Priory Church of England School Academy Trust

Governance Statement

Statement on governance and internal control

The system of internal control is designed to reduce and 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 on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 Cartmel Priory Church of England School Academy Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Doctor Paul Stanley Williams, 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 Cartmel Priory Church of England School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Irene Allan	6	6
Reverend Nick Ash	4	6
Stephen Bell	4	6
Krysia Carmichael	5	6
Joanne Claire Coulston	5	6
Susan Dean	5	6
Reverend Nick Devenish	0	6
Penelope Maralyn Hollander	2	6
Sarah Smith	6	6
Dorothy Janette Mary Lownds	5	6
David Nicholson	1	6
Louise Shrapnel	3	6
Gemma Brown	6	6
Jane Panton	3	4
Leslie Spring	5	6
Doctor Paul Stanley Williams	6	6

Cartmel Priory Church of England School Academy Trust

Governance Statement (continued)

Governance reviews

The Governors have introduced their own self-evaluation processes in order to review their effectiveness and this has already led to a closer linking of the school development plan priorities to the work of individual sub-committees and the introduction of on-going process of self-review which is being led and developed further under the guidance of the Chair of Governors.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to
The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to:

- consider the academy's indicative funding, notified annually by the DfE, and to assess its implications for the academy, in consultation with the Headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body;
- consider and recommend acceptance/non-acceptance of the academy's budget, at the start of each financial year;
- contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Headteacher, with the stated and agreed aims and objectives of the academy;
- receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan;
- monitor and review the income and expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the governing body;
- monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement;
- prepare the financial statement to form part of the annual report of the governing body to parents and for filing in accordance with Companies Act and Charity Commission requirements;
- receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings;
- recommend to the full governing body the appointment or reappointment of the auditors of the academy;
- advise the Governing Body on priorities, including Health and Safety for the maintenance and development of the school's premises subject to governing body policy;
- oversee arrangements for repairs and maintenance to the site and premises;
- establish and keep under review a Premises Management Plan;
- ensure and review the implementation of the lettings policy;
- perform the role of the Health & Safety Committee.

The most significant issue for the committee has been to ensure the continued sound financial status of the school in a time of falling rolls when we continue to be hampered by severe capping of our budget due to historical underfunding by Cumbria Local Authority. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Susan Dean	6	6
Joanne Claire Coulston	6	6
Doctor Paul Stanley Williams	6	6
Louise Shrapnel	3	6
Leslie Spring	5	6

Cartmel Priory Church of England School Academy Trust

Governance Statement (continued)

The Steering Committee is a sub-committee of the main board of trustees. Its purpose is to:

- establish and keep under review policies and procedures, other than those specifically identified for other sub committees;
 - ensure suitable arrangements are in place for formulating and monitoring the School Improvement Plan, including school self-evaluation procedures;
 - make recommendations to the governing body to establish exceptional working arrangements where particular circumstances arise, e.g. a joint committee to oversee a building project;
 - be available and respond to matters of particular difficulty, sensitivity or emergency and offer advice to the Headteacher in relation to staffing issues;
 - undertake tasks delegated to them by the governing body;
 - ensure the school staffing complement supports the school's Christian Ethos and is affordable including determining staffing levels and the staffing structure;
 - support strategic planning for staffing;
 - review the Appraisal Policy and its implementation in line with National and Local guidelines and report to the governing body;
 - oversee the appointment and induction procedures for all staff;
 - ensure policies are in place for staff discipline, grievance, capability and redundancy based on appropriate guidance;
 - keep under review staff work/life balance, working conditions and well-being including the monitoring of absence;
 - review professional development for all staff;
 - ensure the Annual Report is prepared;
 - monitor school marketing and publicity.
- there has been a particular focus on developing effective self-evaluation by the governors this year. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Dorothy Janette Mary Lownds	4	5
Reverend Nick Devenish	3	5
David Nicholson	4	5
Doctor Paul Stanley Williams	5	5
Leslie Spring	4	5

Review of value for money

As accounting officer the member 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 by:

- Regularly reviewing the staffing structure
- Collaboration with the South Lakes Federation and the Cumbrian Association of System Leaders
- Using a number of approved suppliers in order to obtain the best prices
- Obtaining several quotations for utility contracts and comparing contract lengths in order to secure the best deals

Cartmel Priory Church of England School Academy Trust

Governance Statement (continued)

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 Trust 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 Cartmel Priory Church of England School Academy Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Stables Thompson & Briscoe as Responsible Officer

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

Three times a year, the Responsible Officer reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

Review of effectiveness

As Accounting Officer, Doctor Paul Stanley Williams 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 auditor;
- the financial management and governance self assessment process;

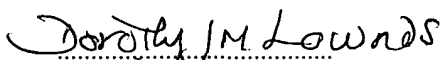
Cartmel Priory Church of England School Academy Trust

Governance Statement (continued)

- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 5 December 2016 and signed on its behalf by:



Dorothy Janette Mary Lownds
Member



Doctor Paul Stanley Williams
Accounting officer
Head Teacher

Cartmel Priory Church of England School Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Cartmel Priory Church of England School Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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 Governing Body and EFA.



.....
Doctor Paul Stanley Williams
Accounting officer

5 December 2016

Cartmel Priory Church of England School Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Cartmel Priory Church of England School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction published by the Education Funding Agency.

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:

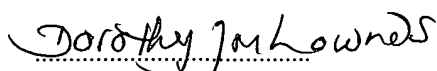
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 5 December 2016 and signed on its behalf by:


Dorothy Janette Mary Lownds
Member

Cartmel Priory Church of England School Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Cartmel Priory Church of England School Academy Trust

We have audited the financial statements of Cartmel Priory Church of England School Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 17), the trustees (who are also the directors of the charitable company 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 (APB'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 charitable company'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 Annual 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 the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

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:

Cartmel Priory Church of England School Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Cartmel Priory Church of England School Academy Trust (continued)

- 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.



.....
Helen Holmes BSc FCA (Senior Statutory Auditor)
For and on behalf of Stables Thompson & Briscoe, Statutory Auditor

Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

5 December 2016

Cartmel Priory Church of England School Academy Trust

Independent Reporting Accountant's Report on Regularity to Cartmel Priory Church of England School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 22 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cartmel Priory Church of England School Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law,¹ we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 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 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 from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- We obtained information on the Academy's control environment and activities and considered whether these have been complied with the Academies Accounts Direction 2015 to 2016 and whether the activities conformed to the Academy Trust's framework of authorities.
- When testing expenditure the authorisation was checked and the nature of the activity was confirmed as permissible within the Academy Trust's framework of authorities. A review was made of related parties and the register of business interests. This was used to identify any related party transactions.
- Formal representations were obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence was not available.

Cartmel Priory Church of England School Academy Trust

Independent Reporting Accountant's Report on Regularity to Cartmel Priory Church of England School Academy Trust and the Education Funding Agency (continued)

Conclusion

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



.....
Helen Holmes BSc FCA

For and on behalf of Stables Thompson & Briscoe, Chartered Accountants & Registered Auditors

Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

5 December 2016

Cartmel Priory Church of England School Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 **(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:					
Donations and capital grants	2	8,187	3,833	-	12,020
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	110,619	1,923,478	-	2,034,097
Other trading activities	4	23,887	2,058	-	25,945
Investments		2,365	-	-	2,365
Other Incoming Resources		3,488	-	-	3,488
Total		<u>148,546</u>	<u>1,929,369</u>	<u>-</u>	<u>2,077,915</u>
Expenditure on:					
Raising funds	5	-	12,623	-	12,623
<i>Charitable activities:</i>					
Academy trust educational operations	6	<u>110,948</u>	<u>1,934,569</u>	<u>34,292</u>	<u>2,079,809</u>
Total		<u>110,948</u>	<u>1,947,192</u>	<u>34,292</u>	<u>2,092,432</u>
Net income/(expenditure)		37,598	(17,823)	(34,292)	(14,517)
Transfers between funds		-	(78,850)	78,850	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	<u>-</u>	<u>(315,000)</u>	<u>-</u>	<u>(315,000)</u>
Net movement in funds/(deficit)		37,598	(411,673)	44,558	(329,517)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2015		<u>140,177</u>	<u>(252,350)</u>	<u>98,312</u>	<u>(13,861)</u>
Total funds/(deficit) carried forward at 31 August 2016		<u>177,775</u>	<u>(664,023)</u>	<u>142,870</u>	<u>(343,378)</u>

Cartmel Priory Church of England School Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2015 **(including Income and Expenditure Account)**

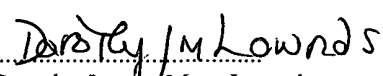
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total (As restated) 2015 £
Income and endowments from:					
Donations and capital grants	2	15,876	3,095	-	18,971
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	107,857	1,865,932	-	1,973,789
Other trading activities	4	22,829	2,779	-	25,608
Investments		2,253	-	-	2,253
Other Incoming Resources		13,249	-	-	13,249
Total		<u>162,064</u>	<u>1,871,806</u>	<u>-</u>	<u>2,033,870</u>
Expenditure on:					
Raising funds	5	-	14,069	-	14,069
<i>Charitable activities:</i>					
Academy trust educational operations	6	<u>108,942</u>	<u>1,858,936</u>	<u>14,534</u>	<u>1,982,412</u>
Total		<u>108,942</u>	<u>1,873,005</u>	<u>14,534</u>	<u>1,996,481</u>
Net income/(expenditure)		53,122	(1,199)	(14,534)	37,389
Transfers between funds		-	(39,392)	39,392	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	<u>-</u>	<u>(17,000)</u>	<u>-</u>	<u>(17,000)</u>
Net movement in funds/(deficit)		53,122	(57,591)	24,858	20,389
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2014		<u>87,055</u>	<u>(194,759)</u>	<u>73,454</u>	<u>(34,250)</u>
Total funds/(deficit) carried forward at 31 August 2015		<u>140,177</u>	<u>(252,350)</u>	<u>98,312</u>	<u>(13,861)</u>

Cartmel Priory Church of England School Academy Trust

(Registration number: 07740632)
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	142,870	98,312
Current assets			
Stocks	11	7,165	3,328
Debtors	12	60,552	77,396
Cash at bank and in hand		<u>475,637</u>	<u>572,747</u>
		543,354	653,471
Creditors: Amounts falling due within one year	13	<u>(196,602)</u>	<u>(270,644)</u>
Net current assets		<u>346,752</u>	<u>382,827</u>
Total assets less current liabilities		<u>489,622</u>	<u>481,139</u>
Net assets excluding pension liability		489,622	481,139
Pension scheme liability	20	<u>(833,000)</u>	<u>(495,000)</u>
Net liabilities including pension liability		<u><u>(343,378)</u></u>	<u><u>(13,861)</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		168,977	242,650
Restricted fixed asset fund		142,870	98,312
Restricted pension fund		<u>(833,000)</u>	<u>(495,000)</u>
		(521,153)	(154,038)
Unrestricted funds			
Unrestricted general fund		<u>177,775</u>	<u>140,177</u>
Total funds		<u><u>(343,378)</u></u>	<u><u>(13,861)</u></u>

The financial statements on pages 22 to 43 were approved by the Trustees, and authorised for issue on 5 December 2016 and signed on their behalf by:


Dorothy Janette Mary Lownds
Member

Cartmel Priory Church of England School Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2016

		2016	(As restated)
	Note	£	2015
			£
Net cash (outflow)/inflow from operating activities	17	(20,625)	55,601
Returns on investments and servicing of finance		2,365	2,253
Capital expenditure and financial investment	18	<u>(78,850)</u>	<u>(39,392)</u>
(Decrease)/increase in cash in the year		<u><u>(97,110)</u></u>	<u><u>18,462</u></u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2015'), the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on 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 Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Cartmel Priory Church of England School Academy Trust (the academy trust company) occupies land (including buildings) which are owned by its Trustees who are Carlisle Diocesan Board of Finance Limited. The Trustees are the providers of the academy on the same basis as when the academy was a maintained school. The academy trust company occupies the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Church of England's contribution to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

As the academy only has a right to occupy free of charge and no formal lease the trustees consider that the notional rental value would be unnecessarily costly to procure and would not improve the readers understanding of the accounts and have therefore not included a notional donation from the Diocese and equivalent notional rent charge in the accounts.

The depreciation policy for computer equipment has been changed to 20% straight line from 20% reducing balance. This has not resulted in a prior period adjustment but has resulted in an additional depreciation charge this year of £11,495.

Asset class	Depreciation method and rate
Computer equipment	20% straight line
Furniture and equipment	15% reducing balance

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Pension benefits

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

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donations	8,187	3,833	12,020	18,971

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	1,711,746	1,711,746	1,672,542
Other DfE/EFA Grants	-	149,341	149,341	144,104
	-	1,861,087	1,861,087	1,816,646
Non-government grants and other income				
Catering Income	98,801	-	98,801	99,445
Educational Trips and Visits	-	62,391	62,391	49,286
Music Tuition Fees	11,818	-	11,818	8,412
	110,619	62,391	173,010	157,143
Total grants	110,619	1,923,478	2,034,097	1,973,789

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	6,099	-	6,099	5,523
Other sales	17,788	2,058	19,846	20,085
	<u>23,887</u>	<u>2,058</u>	<u>25,945</u>	<u>25,608</u>

5 Expenditure

	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff costs £	Premises £	Other costs £		
Expenditure on raising funds	-	-	12,623	12,623	14,069
Academy's educational operations					
Direct costs	1,205,961	-	214,648	1,420,609	1,345,932
Allocated support costs	381,004	180,800	97,396	659,200	636,480
	<u>1,586,965</u>	<u>180,800</u>	<u>324,667</u>	<u>2,092,432</u>	<u>1,996,481</u>

6 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	1,420,609	1,345,932
Support costs - educational operations	659,200	636,480
	<u>2,079,809</u>	<u>1,982,412</u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Charitable activities (continued)

	Educational operations £	Total 2016 £	Total 2015 £
Analysis of support costs			
Support staff costs	381,004	381,004	363,371
Depreciation	34,292	34,292	14,534
Premises costs	146,508	146,508	151,111
Other support costs	<u>97,396</u>	<u>97,396</u>	<u>107,464</u>
Total support costs	<u><u>659,200</u></u>	<u><u>659,200</u></u>	<u><u>636,480</u></u>

7 Staff

Staff costs

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	1,254,771	1,242,518
Social security costs	92,942	82,358
Pension costs	<u>239,252</u>	<u>199,539</u>
	<u><u>1,586,965</u></u>	<u><u>1,524,415</u></u>

Staff numbers

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

	2016 No	2015 No
Charitable Activities		
Teachers	20	18
Administration and support	17	18
Management	<u>3</u>	<u>3</u>
	<u><u>40</u></u>	<u><u>39</u></u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No	2015 No
£60,001 - £70,000	<u><u>1</u></u>	<u><u>1</u></u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Doctor Paul Stanley Williams (Principal and Trustee):

Remuneration: £65,000 - £70,000 (2015 - £65,000 - £70,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £5,000 - £10,000)

Sarah Smith (Staff Trustee):

Remuneration: £30,000 - £35,000 (2015 - £25,000 - £30,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

Joanne Claire Coulston (Staff Trustee):

Remuneration: £35,000 - £40,000 (2015 - £30,000 - £35,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

Gemma Brown (Staff Trustee):

Remuneration: £35,000 - £40,000 (2015 -)

Employer's pension contributions: £5,000 - £10,000 (2015 -)

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £265,608 (2015: £238,975).

During the year ended 31 August 2016, travel and subsistence expenses totalling £347 (2015 - £661) were reimbursed or paid directly to 2 trustees (2015 - 4).

Other related party transactions involving the trustees are set out in note 21.

9 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

10 Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Total £
Cost			
At 1 September 2015	53,976	114,328	168,304
Additions	<u>43,164</u>	<u>35,686</u>	<u>78,850</u>
At 31 August 2016	<u>97,140</u>	<u>150,014</u>	<u>247,154</u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10 Tangible fixed assets (continued)

	Furniture and equipment £	Computer equipment £	Total £
Depreciation			
At 1 September 2015	12,520	57,472	69,992
Charge for the year	<u>9,156</u>	<u>25,136</u>	<u>34,292</u>
At 31 August 2016	<u>21,676</u>	<u>82,608</u>	<u>104,284</u>
Net book value			
At 31 August 2016	<u>75,464</u>	<u>67,406</u>	<u>142,870</u>
At 31 August 2015	<u>41,456</u>	<u>56,856</u>	<u>98,312</u>

11 Stock

	2016 £	2015 £
Stock	<u>7,165</u>	<u>3,328</u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

12 Debtors

	2016	2015
	£	£
Trade debtors	4,882	4,632
VAT recoverable	19,977	19,890
Other debtors	-	7,008
Prepayments	35,693	45,866
	<u>60,552</u>	<u>77,396</u>

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	64,477	75,873
Other taxation and social security	28,800	24,409
Accruals	28,836	34,566
Deferred income	74,489	111,588
Pension scheme creditor	-	24,208
	<u>196,602</u>	<u>270,644</u>

Deferred income

	2016
	£
Deferred income at 1 September 2015	111,588
Resources deferred in the period	74,489
Amounts released from previous periods	<u>(111,588)</u>
Deferred income at 31 August 2016	<u>74,489</u>

Deferred Income as at 31 August 2016 relates to SEN funding received in the period which relates to the period from 1 September 2016 to 31 March 2017 and some other restricted income such as for trips and productions to happen next year.

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	242,650	1,929,369	(1,924,192)	(78,850)	168,977
Restricted fixed asset funds					
Fixed Asset Fund	98,312	-	(34,292)	78,850	142,870
Restricted pension funds					
Pension Reserve	<u>(495,000)</u>	<u>-</u>	<u>(23,000)</u>	<u>(315,000)</u>	<u>(833,000)</u>
Total restricted funds	(154,038)	1,929,369	(1,981,484)	(315,000)	(521,153)
Unrestricted funds					
Unrestricted general funds	<u>140,177</u>	<u>148,546</u>	<u>(110,948)</u>	<u>-</u>	<u>177,775</u>
Total funds	<u><u>(13,861)</u></u>	<u><u>2,077,915</u></u>	<u><u>(2,092,432)</u></u>	<u><u>(315,000)</u></u>	<u><u>(343,378)</u></u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	142,870	142,870
Current assets	177,775	365,579	-	543,354
Current liabilities	-	(196,602)	-	(196,602)
Pension scheme liability	-	(833,000)	-	(833,000)
Total net assets	<u>177,775</u>	<u>(664,023)</u>	<u>142,870</u>	<u>(343,378)</u>

16 Commitments under operating leases

Operating leases

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

	2016 £	2015 £
Within one year	5,876	8,001
In two and five years	<u>10,139</u>	<u>16,015</u>
	<u>16,015</u>	<u>24,016</u>

17 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016 £	2015 £
Net (expenditure)/income	(14,517)	37,389
Depreciation	34,292	14,534
Interest receivable	(2,365)	(2,253)
Defined benefit pension scheme obligation inherited	23,000	24,000
(Increase)/decrease in stocks	(3,837)	499
Decrease/(increase) in debtors	16,844	(7,907)
Decrease in creditors	<u>(74,042)</u>	<u>(10,661)</u>
Net cash (used in)/provided by Operating Activities	<u>(20,625)</u>	<u>55,601</u>

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18 Cash flows from investing activities

	2016	2015
	£	£
Dividends, interest and rents from investments	28,310	27,861
Purchase of tangible fixed assets	<u>(78,850)</u>	<u>(39,392)</u>
Net cash used in investing activities	<u>(50,540)</u>	<u>(11,531)</u>

19 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.

20 Pension and similar obligations

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

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

Contributions amounting to £- (2015 - £(24,208)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

20 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £130,789 (2015: £106,120). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

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

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	1.80	2.20
Discount rate for scheme liabilities	2.10	3.90
Inflation assumptions (CPI)	1.90	2.20
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

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

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

20 Pension and similar obligations (continued)

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	23.10	23.00
Females retiring today	25.70	25.60
Retiring in 20 years		
Males retiring in 20 years	25.90	25.80
Females retiring in 20 years	<u>28.90</u>	<u>28.80</u>

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016	At 31 August 2015
	£	£
Equities	446,000	352,000
Government bonds	173,000	122,000
Other bonds	64,000	48,000
Property	93,000	74,000
Cash	26,000	19,000
Other	<u>81,000</u>	<u>54,000</u>
Total market value of assets	883,000	669,000
Present value of scheme liabilities - funded	<u>(1,716,000)</u>	<u>(1,164,000)</u>
Deficit in the scheme	<u>(833,000)</u>	<u>(495,000)</u>

The actual return on scheme assets was £142,000 (2015 - £25,000).

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

20 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2016	2015
	£	£
Current service cost	<u>93,000</u>	<u>75,000</u>
Total operating charge	<u>93,000</u>	<u>75,000</u>

Changes in the present value of defined benefit obligations were as follows:

	2016	2015
	£	£
At 1 September	1,164,000	1,010,000
Current service cost	93,000	75,000
Interest cost	45,000	43,000
Employee contributions	21,000	18,000
Actuarial losses	430,000	22,000
Benefits paid	<u>(37,000)</u>	<u>(4,000)</u>
At 31 August	<u>1,716,000</u>	<u>1,164,000</u>

Changes in the fair value of academy's share of scheme assets:

	2016	2015
	£	£
At 1 September	669,000	556,000
Expected return on assets	26,000	30,000
Actuarial gains/(losses)	115,000	(4,000)
Employer contributions	89,000	73,000
Employee contributions	21,000	18,000
Benefits paid	<u>(37,000)</u>	<u>(4,000)</u>
At 31 August	<u>883,000</u>	<u>669,000</u>

21 Related party transactions

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

Cartmel Priory Church of England School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Cartmel Priory Church of England School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Cartmel Priory Church of England School Academy Trust for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £9,000 and increase the credit/debit in other recognised gains and losses in the SOFA by an equivalent amount.