

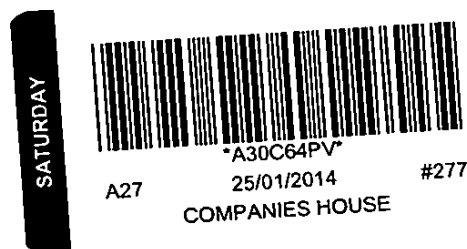
Registered Number 8064698

The Priory School

Pursuing Educational Excellence Together

(A Company Limited by Guarantee)

Governor's Report and Financial Statements
For the period ended 31 August 2013



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The Priory School
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**Reference and Administrative Details of the Academy, its
Governors and Advisers for the period ended 31 August
2013**

Governors

Mr D Coull ^{1, 4} (appointed Feb 2010 and then 1 June 2012 as academy)
Mr E Payne ^{1, 2, 4, 5} (appointed April 2010 and then 1 June 2012 as academy)
Mr P Duffy ^{1, 4, 5} (appointed Sept 2010 and then 1 June 2012 as academy)
Dr E Stannard ^{1, 4, 3, 5} (appointed Oct 2009 and then 1 June 2012 as academy)
Mr D Burgess ² (appointed Nov 2012 and then 1 June 2012 as academy)
Mr G Jenkins ^{3, 4} (appointed Nov 2012 and then 1 June 2012 as academy)
Mr A Tomkins ^{2, 4} (appointed Oct 2010 and then 1 June 2012 as academy)
Mrs M Gregory ^{2, 5} (appointed 1 December 2012)
Mrs S Podmore ⁴ (appointed 1 December 2012)
Mr C Johnson ^{2, 3} (appointed Feb 2012 and then 1 June 2012 as academy)
Mr H Darbhanga ² (appointed June 2010 and then 1 June 2012 as academy)
Mr R Adams ^{2, 4} (appointed 4 July 2013)
Mrs S Goodwright ³ (appointed Jan 2010 and then 1 June 2012 as academy)
Mrs P Jebb ^{2, 3} (appointed March 2010 and then 1 June 2012 as academy)
Mr S Haycocks (appointed 1 June 2012, resigned 3 April 2013)
Mr K Timmis (appointed 1 June 2012, resigned 3 April 2013)
Mrs J Kelly (appointed 1 June 2012, resigned 27 September 2012)
Mr J Hodges (appointed 1 June 2012, resigned 1 November 2012)
Mr P Mulhall (appointed 1 June 2012, resigned 21 June 2013)
Ms L Taylor (appointed 17 October 2013)

- ¹ Steering Group
² Finance Sub Committee
³ School Community Sub Committee
⁴ Curriculum Sub Committee
⁵ Health & Safety Committee

Company

Registered no 8064698

Headteacher/

Accounting Officer Candy Garbett

Responsible Officer Don Burgess

**Principal and
Registered Office** The Priory School
Longden Road
Shrewsbury
Shropshire
SY3 9EE

The Priory School
Pursuing Educational Excellence Together
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Governors present their annual report together with the financial statements and Auditor's report of the charitable company for the period ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 10 May 2012 and opened as an Academy on 1 June 2012. It is a charitable 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 Governors act as the Trustees for the charitable activities of Pursuing Educational Excellence together and are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served through the period, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Governors 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 Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors 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 Governors in their capacity as Directors of the Academy Trust.

Principal Activity

The principal activity is to advance education for the public benefit by establishing, maintaining carrying on, managing and developing schools offering a broad and balanced curriculum

GOVERNORS

Method of Recruitment and Appointment or Election of Governors

On 1 June 2012, The Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed for a term of office commencing 1st June for 4 years

The Academy Trust shall have the following Governors as set out in the Articles of Association and funding agreement

- Up to 7 Directors
- 3 Staff Directors
- The Chief Executive Officer
- 4 Parent Directors
- Up to 3 Co-opted Directors

Governors are appointed for a 4 year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to a particular type of Governor, any Governor can be re-appointed or re-elected

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors 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 Governors

The Academy has a Governor recruitment and induction protocol in place and has subscribed to 'Modern Governor' which provides e-learning modules of training for all Governors

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

Organisational Structure

The Board of Governors normally meets once each term. 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.

There are 4 Committees as follows

- **Finance Sub Committee** – This Committee meets five times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with regulatory requirements, receiving reports from the Responsible Officer and drafting the annual budget. It also monitors the Academy Risk Matrix along with premises and site matters.
- **School Community Sub Committee** – This Committee meets once per term and is responsible for monitoring and reviewing the staffing structure along with performance management, pay policies and staff salaries.
- **Curriculum Sub Committee** – This Committee meets once per term and is responsible for monitoring, evaluating and reviewing Academy policy, practice and performance in relation to curriculum planning, target setting and assessment, and examinations.
- **Health and Safety** – This Committee met once every term to review the policies and practice associated with Health and Safety. In addition, Governors were involved in the annual audit of the school premises. At the end of the Academic Year August 2013 the Full Governing Body decided to subsume the work of this committee into the work of School Community.

The following decisions are reserved to the Board of Governors

- To make such rules or bye laws as they may deem necessary or expedient for the proper conduct and management of the Company and for purposes of prescribing classes of and conditions of membership to the Board.
- To appoint or remove the Chair and/or Vice Chair
- To appoint the Headteacher and Clerk to the Governors
- To approve the School improvement Plan and Annual Budget

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy through the use of Key Performance Indicators and making decisions about the direction of the Academy capital expenditure projects and staff appointments.

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and Strategic Leadership Team (SLT) The SLT comprises the Headteacher, Deputy Headteacher, Assistant Headteacher (Inclusion), Assistant Headteacher (Operations) and Assistant Headteacher (Teaching Schools) The SLT implement the policies and procedures set out by the Governors and report to them through Governor meetings

The Headteacher is the Accounting Officer

SUMMARY OF AIMS

The Priory School, Shrewsbury is a Secondary School, 11-16 Mixed Sex School 819 students on roll. The school operates a six form entry into Year 7 and its current number to admit to any year group is 162

School Vision statement - In pursuit of excellence – together we can make it happen

Governors Strategic Aims 2011-2016

By 2016 To enhance every child's engagement, enjoyment and experience at the school

By 2016 To work within the imposed national financial constraints to sustain our outstanding infrastructure and performance

School Improvement Plan 2013 - 2014

1. In the third year of our target 'To enhance every child's engagement, enjoyment and experience at the school', we will focus on developing innovative strategies to further narrow the gap for students who are underperforming.
2. In order to ensure consistency and challenge in teaching and learning we will focus on
 - Delivering outstanding lessons
 - Encouraging a dialogue with students through improved feedback
- 3 During the second year of our focus on support staff performance management we will undertake to develop a standards led approach which will clearly identify Continuing Professional Development needs

Salop Teaching School Alliance 2013 – 2014

School to School Support and Specialist Leaders in Education (SLE)

1. Improvement each year at Key Stage 2, 4 and 5 for pupils attending schools in the alliances is greater than the national average
- 2 The reduction in the achievement gap for pupils in receipt of free school meals and/or in care in teaching school alliances is greater than the national average
- 3 Schools in alliances show greater than the national average improvement in Ofsted judgements, resulting in fewer poorly performing schools and more good and outstanding schools
4. As a result of effective initial teacher training and continuing professional development, schools in alliances show an improvement in Ofsted judgements for teaching and learning that is greater than the national average
- 5 The number of SLEs designated and trained by teaching schools is in line with targets agreed with the DfE 50% of SLEs are deployed within 3 months of designation

Initial Teacher Training

- 1 As a result of effective initial teacher training and continuing professional development, schools in alliances show an improvement in Ofsted judgements for teaching and learning that is greater than the national average
- 2 The number of trainees trained in teaching school alliances increases year on year (in total for each teaching school cohort)

Professional Development

- 1 The improvement each year at key stages 2, 4 and 5 for pupils attending schools in the alliances is greater than the national average
- 2 The reduction in the achievement gap for pupils in receipt of free school meals and/or in care in teaching school alliances is greater than the national average
- 3 Schools in alliances show greater than national average improvement in Ofsted judgements, resulting in fewer poorly performing schools and more good and outstanding schools.
- 4 As a result of effective initial teacher training and continuing professional development, schools in alliances show an improvement in Ofsted judgements for teaching and learning which is greater than the national average
5. As a result of effective leadership development, schools in alliances show an improvement in Ofsted judgements for leadership and management that is greater than the national average

Ofsted Action Plan

- 1 Ensure that the best practice in marking students' work is shared with all staff so that all students are able to improve their work and make even more rapid progress.

Ofsted Judgement June 2013 Overall Effectiveness of the School. Outstanding
Ofsted Judgement February 2009 Overall Effectiveness of the School. Outstanding

Examination Results 5+ GCSE at A*-C including English and Maths August 2012 78%, August 2013 71%

School Context:

The Priory School, Shrewsbury serves a socially disadvantaged area. It has well above the national average of students with statements for special needs which reflects its reputation in the local community as being a safe environment and an inclusive school. It is consistently the most oversubscribed school for Year 6 to Year 7 transfer. Shropshire Local Authority currently has a large number of surplus places in its secondary school despite having recently closed a secondary school in the Shrewsbury area. The school was previously a specialist Business and Enterprise College and the curriculum continues to focus on the study of Business from Year 7 and enterprise capabilities. The vast majority of students leaving the school continue into further and then higher education.

SCHOOL TARGETS						
	2011	2011	2012	2012	2013	2013
	Target Set	Actual	Target Set	Actual	Target Set	Actual
5+inc English & Maths	84	75	83	78	83	70
3 levels English	87	92	90	63	90	64
3 levels Maths	86	78	83	63	84	75

EXAMINATION RESULTS

	2012	2013
% gaining 1 A*/A	64	54
% gaining 1 A*-C	96	96
% gaining 1 A*-G	100	100
% gaining 3 A*/A	40	38
% gaining 3 A*-C	91	91
% gaining 3 A*-G	99	99
% gaining 5 A*/A	28	24
% gaining 5 A*-C	88	79
% gaining 5 A*-G	98	98
% gaining 5 A*-C inc English and Maths	78	70
% gaining 5 A*-C inc English, Maths and Science	77	78
English Baccalaureate	31	26
% gaining 5 A*-G inc English and Maths	98	95
% gaining 5 A*-G inc English, Maths and Science	98	95
% gaining A*-C English	81	75
% gaining A*-C Maths	85	84
% gaining 2 A*-C Science	79	62
% gaining 1 A*-C Science	90	83
% gaining 1 A*-C Languages	44	33
% gaining 1 A*-G Languages	52	47
% making 3 levels progress in English	62	64
% making 3 levels progress in Maths	61	75
% making 4 levels progress in English	35	16
% making 4 levels progress in Maths	34	35

RISK MANAGEMENT

The Governors have assessed the major risks to which the Academy is exposed from its conversion to an Academy in June 2012, in particular those relating to.

- Recruitment.
- Dealing with a budget that has been reduced due to the newly introduced national funding formula and has had the application of a minimum funding guarantee applied
- State of the building in particular the flat roof and demountable building
- Quality of ICT provision
- Heating
- Finances

Governors have also been involved in assessing the risks to the school of the introduction of the new national funding of the SEN notional funding which has impacted negatively upon the budget for the school and presents a risk to meeting its statutory needs

Governors have also spent time and money offsetting the risk of poor internal finance controls and meeting its statutory obligations as an Academy. Externally, the impact of turbulence with GCSE results has been the subject of Governors scrutiny

The Governors have responded to the above risks which presented during the period June 2012 to August 2013:

Risk Identified	Response
Recruitment	Monitoring of reasons for leaving and recruitment processes
Impact of newly introduced national funding formula resulting in budget reduction	Increased revenue by increasing the admission number from 162 to 168 to offset loss
Poor quality of flat roof	Successful application for flat roof replacement from EFA Academy 80% of roof replaced
Demountable classroom provision	Application for replacement with capital building programme declined
SEN notional funding impact on whole school budget	Appeals to Secretary of State and to SENDIS to reduce number of statemented students being admitted to the school unsuccessful on the grounds of poor funding within the main budget. Lobbying at local, regional and national level by Headteacher and Governors to raise levels of awareness of impact of this funding formula
Quality of ICT provision	Leasing arrangement for computers entered into and strategic decision taken to invest in updating wifi system

Heating provision in particular the replacement of the school main boilers	Strategic decision to replace the main boilers from surplus monies in Summer 2013
School Meals provision not producing sufficient income for contractor	Introduce cashless system for parents to pay dinner money
Internal Finance Control systems, processes and procedures	Since converting to an Academy the Governors have ensured that robust systems and processes have been introduced. They have used external consultants and the school auditors to support the Headteacher in ensuring that systems and processes are robust and meet the standards required of an Academy. In addition the school has restructured the school support staffing structure, which Governors supported, to ensure the employment of appropriately qualified finance staff and HR provision. Governors have also ensured that adequate resources are available for it to meet its statutory duty as an Academy
Examination Results and GCSE turbulence	Governors scrutiny of examination results, academic area action plans, school leadership team monitoring and evaluation, continuous professional development for teachers around the introduction of new GCSEs
Insurance Policies	Upon conversion to Academy status the Governors ensured that adequate insurance was put into place to mitigate any major risks to the school

OBJECTIVES AND ACTIVITIES

The principal objectives and activities of the Academy are to

- (a) advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum
- (b) to promote for the benefit of the inhabitants of Shrewsbury 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

We believe in

- Trust, respect, care and honesty
- Doing our best
- Being happy, healthy and safe
- Personal responsibility
- Creativity and enterprise
- Being polite, courteous and friendly to all
- Embracing diversity

We believe that

- The education of every child is of equal value, so that the best possible opportunities shall be pursued according to individual ability and aptitude.
- All academic ability should be recognised and fostered so that individual excellence can be achieved
- The social, moral and spiritual development of the students is of equal importance and that, in seeking to develop these, high standards of conduct, speech, social awareness and personal relationships shall be fostered and encouraged at all times
- These aims can be realised only through the active co-operation of all who are involved in the life of The Priory

OBJECTIVES, STRATEGIES AND ACTIVITIES

Key activities and targets are identified in the School Improvement Plan and were identified as being the major factors that would ensure that the school continued to work at an outstanding level

School Improvement Plan 2012-2013

- 1 The development of consistently outstanding teaching and learning strategies, boys engagement and the invisible child and
- 2 The development of support staff performance through the provision of opportunities for CPD

School Improvement Plan 2013-2014

- 3 In the third year of our target 'To enhance every child's engagement, enjoyment and experience at the school', we will focus on developing innovative strategies to further narrow the gap for students who are underperforming
- 4 In order to ensure consistency and challenge in teaching and learning we will focus on
 - Delivering outstanding lessons
 - Encouraging a dialogue with students through improved feedback
- 3 During the second year of our focus on support staff performance management we will undertake to develop a standards led approach which will clearly identify Continuing Professional Development needs

The Governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

The principal objectives and activities of the Academy are to

- (a) advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum
- (b) to promote for the benefit of the inhabitants of Shrewsbury 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

In September 2012 The Priory School officially became a Teaching School and shortly after this formed the Salop Teaching School Alliance which is charged with systems leadership in the areas of school to school support, initial teacher training, continuing professional development for school staff and research and development related to teaching and learning. The Salop Teaching School Alliance is funded by the National College of Teaching and Leadership which is an executive arm of the Department of Education. The Teaching School Alliance covers the geographical area of Shropshire and Telford and Wrekin.

The Priory School is the third biggest provider of adult learning within Shropshire offering a comprehensive range of adult learning and leisure activities in the evening and at weekends. The Governors are committed to the school being the hub of the local community. In addition Governors made a strategic decision not to fence off the school so that the local community can have free access to the playing fields, basketball and tennis courts in the evening in order to promote healthy lifestyles for young people.

ACHIEVEMENTS AND PERFORMANCE FROM JUNE 2012 TO AUGUST 2013

As can be seen from the examination results at the commencement of this report the school operates at an outstanding level which was confirmed by OfSTED in June 2013. The school like many secondary schools nationally is being affected by the realignments of standards at GCSE and in particular by the reduction in the number of students receiving A* - A grades at GCSE which particularly affects high performing schools.

The school is committed to system leadership and through its leadership of the Salop Teaching School Alliance has seen the school's reputation at local, regional and national level continue to flourish. The Headteacher is a National Leader of Education and in addition is a member of the Department of Education Bureaucracy Reference Group this means that the school is well placed to act upon new Government initiatives and has a high profile nationally.

GCSE results in August 2012 were outstanding given the context of the English GCSE realignment for June entry candidates. This year saw the school's results rise from 5+ A*-C English and Maths from 75% to 78%. The results for August 2013 saw this figure reduce to 71% due to a fall in the performance of English. This figure is replicated nationally with GCSE turbulence and realignment impacting upon results.

The school offers a comprehensive suite of GCSE's in an innovative option choice block where students are able to select four GCSE's from a total of twenty subjects. In addition the Governors made a strategic decision to ensure that all students have access to a personalised curriculum and therefore all subjects are required to offer entry level qualifications for those students who are not yet ready for the rigours of GCSE.

The school has won the Shropshire Attendance Award for the past three years since its introduction with the average rate of attendance of 96%. This figure reflects the commitment of parents to school education with very few applying for any leave for their children. It is also testament to the staff for creating such an inspiring place to be that students do not want to miss a day of learning.

The flat roof replacement programme is currently underway and the works are due to be completed by October 2013. It is envisaged that this will have a positive impact on the budget in reducing the amount of money paid out for ongoing roof repairs and also on the school's heating bill as the new insulation on the roof will substantially improve our outlay on energy when compared to its 1930's standard.

The Salop Teaching School Alliance has had a very successful inaugural year and has generated additional funding streams in areas such as initial teacher training, closing the gap, early intervention strategy and the introduction of the Primary School Curriculum all of which are grant funded. The Executive Board meetings report outstanding progress against targets and are supported in their Governance by a named Member from The Priory School Academy Trust.

Upon conversion to Academy and after successfully negotiating the transfer of funds from Shropshire Local Authority the school has established through due diligence that it has a healthy surplus in both the main school account circa £250,000 and also in the school fund account circa £150,000 with a reserve allowance of £150,000 in the main school budget account. Governors have prioritised the spending of this money on the following 2013-2014:

- Refurbishment of one Science laboratory (the last remaining laboratory requiring refurbishing) and Science prep room
- Refurbishment of the Library into a Learning Resource Centre
- Replacement of Boilers
- Refurbishment of Wifi provision to state of the art installation so that students can bring their own devices to school

GOING CONCERN

Governors were proactive in raising the number of students to admit to the school with effect from September 2014 in response to the reduction to its budget and in order to secure adequate funding going forward. Once this raised number for admission, from 162 to 168, was published it had an immediate impact on admissions as the Independent Appeals Panel used the new admission number as their measure for admitting students from March 2013 to August 2013. The school's number on roll rose from 808 to 830.

The Shropshire Formula for devising the SEN notional funding has had a negative impact upon the school which is extremely popular and proud to be so with parents of SEN statemented students. As a result of the Governors on-going concerns about the potential impact of our outstanding OfSTED on admission of students with SEN the school has decided to be open and transparent with parents about the negative impact of this funding formula. The school also continues to campaign for change on this issue at local and national levels. Shropshire is 143 out of 147 in terms of funding levels and the Priory School is either the worst or second worst funded school within the Local Authority making it one of the worst funded secondary schools nationally. The school provides outstanding value for money given its context.

The new funding formula for schools with effect from 2014-2015 has the option for a scarcity formula which will be attractive for Shropshire given its rural nature however the total education budget will not rise and therefore this has the potential to again affect the whole school budget for the Priory School. Governors are kept abreast of these developments by the Headteacher and have devised a sensitivity analysis model so they can look at the potential impact of any small changes to the income stream.

Governors supported by the Finance Officer and members of the strategic leadership team continue to monitor the operation of the school finances in a robust and rigorous manner.

The Salop Teaching School Alliance funding is secured, though reducing during the next three years. Consideration is being given by the Salop TSA Executive Board as to whether it is appropriate to set up a company limited by charitable status in order to ring fence the work of the teaching school alliance and also to protect the Priory School funds.

FINANCIAL REVIEW

Most of the Academy's funding income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) but is calculated through the Shropshire Local Authority School Forum Formula for secondary schools. These funds are restricted to educational activities. The grants received from the DfE during the period June 2012 through to 31 August 2013 are shown as restricted funds in the statement of financial activities. The school also received monies from the National College of Leadership and Teaching for its work as the lead school in the Salop Teaching School Alliance and these are shown for the period September 2012 to August 2013.

The Academy also receives grants for fixed assets from the DfE and is shown in the statement of financial activities as restricted funds in the Fixed Asset Fund. The Restricted Fund Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the period June 2012 to August 2013 total expenditure of £4,658,921 was covered by recurrent grant funding from the DfE. The excess of restricted income over expenditure for the same period (excluding the restricted fixed asset funds and the pension reserve) was £381,458.

The Priory School has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities.

Key financial policies adopted or reviewed during the period include the Finance Manual and The Priory School's Charging Policy. The Financial Manual sets out clearly the roles of the Governing Body and the roles of the Accounting Officer, school's finance officer, budget holders and other staff. The manual also sets out in detail the internal controls for the school with regard to finance. The Governors made minor amendments to the charging policy related to library deposit. All school policies are available for perusal on the school website.

Governors have adopted a Responsible Officer Policy and appointed Don Burgess, who formerly chaired the school's finance committee as an advisor to that committee. During the year the Responsible Officer was supported in carrying out his role by external auditors who provided termly reports to him which were then submitted to the Finance Committee for their consideration, action and review. During the period of these accounts the Accounting Officer undertook a major role in revising and reviewing the work of the school's finance systems and procedures.

REVIEW OF FINANCES AND ANY ADDITIONAL RISKS

In addition to examining the finances on a termly basis the Accounting Officer and Strategic Leadership Team review the budget on a monthly basis. Governors' Minutes and accompanying actions are submitted to the Full Governing Body for their approval. In addition to the Governing Body committees the Governors' Steering Group which comprises of Members of the Academy Trust review the performance of the school against its School Improvement Plan priorities.

The Governors recognise that the defined benefit scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

UNDERPINNING RISKS AND UNCERTAINTIES

The following are additional underpinning risks that face all academies or where identified are those that are particular to The Priory School, Shrewsbury.

Financial - As outlined previously the school is aware of the risk of further financial uncertainty and has taken steps to minimise the impact through the establishment of a generous cashflow surplus of £150,000. The school ethos of obtaining best value for money continues to underpin the day to day work of the school. Political uncertainty with a General Election in May 2015 means that schools must always have their eye on potential changes in education policy and practice. In addition the move to a new national funding formula has had a negative impact upon the school and Governors have been proactive in seeking to maintain funding by increasing income through raising the published admission number.

Reputational - The continuing success of The Priory School, as recognised by OfSTED June 2013 is dependent on continuing to attract students to the school in a highly competitive environment of Shrewsbury and with another successful secondary school situated just 200 metres away To mitigate this Governors continue to challenge staff to produce outstanding results and achievements are closely monitored, reviewed and where appropriate action plans are put into place

Safeguarding and Child Protection - The Governors supported by the Accounting Officer 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 and safety and discipline Governors monitor the complaints received by the school to ensure there are no trends and are capable and have taken action where appropriate to deal with any poor staff conduct *OfSTED June 2013 Behaviour and safety are outstanding The students make an exceptional contribution to a safe, positive learning environment*

Staffing and Parental Engagement - The success of the Academy is reliant on the quality of staff and the support from the wider school community Governors monitor and review policies and procedures to ensure continued professional development and training of staff

OfSTED June 2013 Robust performance management systems, rigorously implemented across the school, recognise the strengths that teachers bring to lessons and the wider school This supports the school's approach to refining methods of teaching that can lead to even better learning experiences for students Staff development includes training in school and opportunities to share outstanding practice These are of a high order and lead to high-quality performance in the classroom.

Governance – The Priory School an Academy Trust is reliant on the goodwill and attendance of meetings of Governors in their roles as Directors and Trustees of the Academy Trust. Governors have identified the inherent risk in their failure to attend meetings which if this does happen has the risk to curtail the school in being able to move forward with its core activities

Fraud and Mismanagement of Funds - The Academy has appointed a Responsible Officer who is supported in his role by termly external audits of the schools finance systems and procedures In addition the Finance Manual clearly sets out the internal control systems that are in place to mitigate this risk All finance staff and budget holders have received training to keep them up to date with financial practice requirements and continue to develop their skills in this area

The Academy is currently undertaking a comprehensive review of risk with a view to ensuring that all its procedures and systems are in place to mitigate risk

FINANCIAL RESERVES

The Governors as part of their monitoring of the school budget regularly review the reserves available and have undertaken a monitoring process through a phased budget process. The review of spend against commitment and the nature of reserves

The Governors have determined, through the Finance Committee, that an appropriate level of cash flow of £150,000 is appropriate for The Priory School, Shrewsbury. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Investment

The Governors have determined that the benefits of holding monies in short term investment accounts is insufficient given the current bank rate to have any advantage to the school.

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 by the Strategic Leadership Team, the Accounting Officer and Governing Body Finance and Audit Committee and in the case of the setting the school budget the Full Governing Body
- Termly written reports are provided to the Governing Body via the Headteachers' Report to Governors
- Regular consideration by the Finance and Audit Committee of tenders for contracts, buildings work, ICT provision and capital programmes
- Termly reports are provided to the Responsible Officer by external auditors and these reports are then submitted to the Finance and Audit Committee for their consideration and the review of the school's actions
- Governors setting targets to measure financial and GCSE performance
- Clear Finance Manual with clear guidelines for purchasing
- Delegation of authority and segregation of duties
- Identification and management of risks

OfSTED June 2013 judgement of the Governing Bodies under the section leadership and management of the school – Outstanding

The governance of the school The governing body takes on an active and very successful role in the life of the school The governors know how well the school is doing, and its strengths and areas for improvement Regular meetings are planned to help them maintain a robust and balanced overview of the effectiveness of the school and its management They have a sound understanding of performance data. Governors are provided with clear information about students for whom the school receives the pupil premium funding and how successful its use is The governing body is fully aware of the school's performance management system and this helps governors to accurately assess teacher's performance against the pay they receive The governors ensure that the school meets its statutory requirements with regard to safeguarding

The Priory School
Pursuing Educational Excellence Together
(A Company Limited by Guarantee)
GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that The Priory 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 Governing Body has delegated the day to day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Priory School 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 Governor's report and in the Governors' responsibilities statement. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Full Governing Body was as follows

Governor	Meetings Attended	Total Number of Meetings
Mr David Coull	6	6
Mr Eddie Payne	5	6
Mr Paul Duffy	6	6
Dr Eric Stannard	6	6
Mr Gareth Jenkins	3	6
Mr Adrian Tomkins	2	6
Mr Don Burgess	5	6
Mrs Michelle Gregory	3 Appointed 1 December 2012	5
Mrs Susannah Podmore	2 Appointed 1 December 2012	5
Mr Carl Johnson	4	6
Mr Harmesh Dharbanga	0	6
Mr Robert Adams	1 Appointed 4 July 2013	1
Mrs Sarah Goodwright	4	6
Mrs Pam Jebb	6	6
Mr Steve Haycocks	2 Resigned 3 April 2013	
Mr John Hodges	0 Resigned 1 November 2012	
Mrs Julie Kelly	1 Resigned 27 September	
Mr Patrick Mulhall	4 Resigned 21 June 2013	
Mr K Timmis	4 Resigned 3 April 2013	

The Finance Committee is a sub committee of the main governing body. It 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.

Attendance at meetings in the year was as follows

Governor	Meetings Attended	Total Number of Meetings
Mr Eddie Payne	5	5
Mr Adrian Tomkins	3	5
Mrs Pam Jebb	4	5
Mrs Michelle Gregory	1	2
Mr Carl Johnson	4	5
Mr Harmesh Dharbanga	3	5
Mr Don Burgess (Ex Officio/Responsible Officer)	5	5
Mrs Julie Kelly	1 Resigned 27 September 2012	
Mr Keith Timmis	4 Resigned 3 April 2013	
Mr Steve Haycocks	1 Resigned 3 April 2013	

The Curriculum Sub Committee is a sub committee of the main governing body. It is responsible for monitoring, evaluating and reviewing Academy policy, practice and performance in relation to curriculum planning, target setting and assessment, and examinations.

Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Total Number of Meetings
Mr Paul Duffy	4	4
Mr Eddie Payne	3	4
Mr Adrian Tomkins	0	4
Mr David Coull	2	4
Dr Eric Stannard	3	4
Mr Gareth Jenkins	4	4
Mrs Susannah Podmore	2 Appointed 1 December 2012	2

The School Community Sub Committee is a sub committee of the main governing body. It is responsible for monitoring and reviewing the staffing structure along with performance management, pay policies and staff salaries Attendance at meetings in the year was as follows.

Governor	Meetings Attended	Total Number of Meetings
Dr Eric Stannard	4	4
Mrs Susannah Podmore	2 Appointed 1 December 2012	2
Mr Gareth Jenkins	3	4
Mr Carl Johnson	3	4
Mrs Pam Jebb	3	4
Mr Patrick Mulhall	3 Resigned 21 June 2013	

The Health and Safety Sub Committee was a sub committee of the main governing body It was responsible for the review of policies and practice associated with Health and Safety In addition Governors were involved in the annual audit of the school premises At the end of the Academic Year August 2013 the Full Governing Body decided to subsume the work of this committee into the work of School Community Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Total Number of Meetings
Dr Eric Stannard	1	3
Mr Eddie Payne	3	3
Mr Paul Duffy	2	3
Mrs S Goodwright	1	3
Mrs Michelle Gregory	2 Appointed 1 December 2012	2

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 on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically The system of internal control has been in place in The Priory School for the period ended 31 August 2013 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 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 on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2013 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'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 Sub 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 defining purchasing (as set purchases 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 to appoint Sally Currin – Chartered Accountant to this post who reports on a termly basis to the Finance Sub Committee.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system in internal control. During the period 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
- The work of the internal auditor
- The work of SLT and managers within the Academy who have responsibility for the development and maintenance of the internal controls framework.

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

Approved by order of the members of the Governing Body on 12 December 2013 and signed on their behalf by



David Coull
Chair of Governors



Candy Garbett
Headteacher

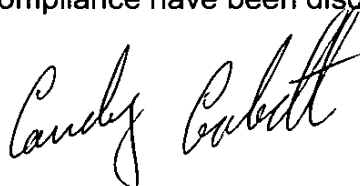
The Priory School
Pursuing Educational Excellence Together
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Priory School I have considered my responsibility to notify the Academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Finance Manual.

I confirm that I and the Academy Governing Body 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 Academy Finance Manual.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Candy Garbett
Headteacher

Date. 12 December 2013

The Priory School
Pursuing Educational Excellence Together
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Governors (who act as trustees for charitable activities of The Priory School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the Governors are required to


- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles of the Charities SORP
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Governors 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 Governors are responsible for ensuring that its conduct and operation of 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 Governors 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 Governing Body and signed on its behalf by



David Coull
Chair of Governors

Date 12/12/13

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURSUING EDUCATIONAL EXCELLENCE TOGETHER

We have audited the financial statements of Pursuing Educational Excellence Together for the period ended 31 August 2013 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 2013 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 Governors and auditors

As explained more fully in the Governors' Responsibilities Statement, the Governors (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 Governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

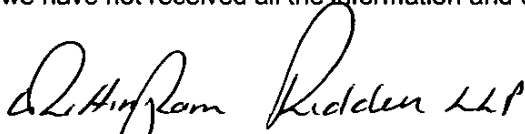
PURSUING EDUCATIONAL EXCELLENCE TOGETHER
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURSUING EDUCATIONAL EXCELLENCE TOGETHER

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 Governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Malpass BA FCA (Senior Statutory Auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date

20 December 2013

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO PURSUING
EDUCATIONAL EXCELLENCE TOGETHER AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 13 July 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pursuing Educational Excellence Together during the period 1 June 2012 to 31 August 2013 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 Pursuing Educational Excellence Together and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Pursuing Educational Excellence Together and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Pursuing Educational Excellence Together and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Pursuing Educational Excellence Together's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Pursuing Educational Excellence Together's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 2006, 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 2013. 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 period 1 June 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

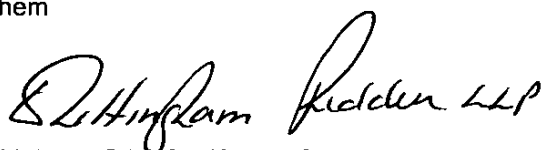
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO PURSUING
EDUCATIONAL EXCELLENCE TOGETHER 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 period 1 June 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Andrew Malpass BA FCA (Senior Statutory Auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date

20 December 2013

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Funds Received on Conversion	3	144,853	(959,000)	11,681,197	10,867,050
Other voluntary income	3	7,691	7,600	-	15,291
Activities for generating funds	4	45,725	-	-	45,725
Incoming resources from charitable activities	5	-	4,667,406	-	4,667,406
Other incoming resources	6	432,328	299,373	96,966	828,667
TOTAL INCOMING RESOURCES		630,597	4,015,379	11,778,163	16,424,139
RESOURCES EXPENDED					
Charitable activities	8	274,178	4,648,023	131,223	5,053,424
Governance costs	7	-	10,898	-	10,898
TOTAL RESOURCES EXPENDED	9	274,178	4,658,921	131,223	5,064,322
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		356,419	(643,542)	11,646,940	11,359,817
Transfers between Funds	19	(67,940)	-	67,940	-
NET INCOME FOR THE YEAR		288,479	(643,542)	11,714,880	11,359,817
Actuarial gains and losses on defined benefit pension schemes		-	41,000	-	41,000
NET MOVEMENT IN FUNDS FOR THE YEAR		288,479	(602,542)	11,714,880	11,400,817
<i>Total funds at 1 June 2012</i>		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2013		288,479	(602,542)	11,714,880	11,400,817

All of the academy's activities derive from acquisitions in the current financial period

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

The notes on pages 36 to 55 form part of these financial statements

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)
REGISTERED NUMBER 08064698

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £
FIXED ASSETS			
Tangible assets	16		11,726,685
CURRENT ASSETS			
Debtors	17	180,805	
Cash at bank and in hand		855,275	
		<u>1,036,080</u>	
CREDITORS amounts falling due within one year	18	<u>(377,948)</u>	
NET CURRENT ASSETS			<u>658,132</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,384,817</u>
Defined benefit pension scheme liability	24		<u>(984,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,400,817</u></u>
FUNDS OF THE ACADEMY			
Restricted funds			
Restricted funds	19	381,458	
Restricted fixed asset funds	19	11,714,880	
		<u>12,096,338</u>	
Restricted funds excluding pension liability		12,096,338	
Pension reserve		<u>(984,000)</u>	
Total restricted funds			11,112,338
Unrestricted funds	19		<u>288,479</u>
TOTAL FUNDS			<u><u>11,400,817</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 12 December 2013 and are signed on their behalf, by



David Coull
Chair of Governors

The notes on pages 36 to 55 form part of these financial statements

PURSuing EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	2013 £
Net cash flow from operating activities	21	1,016,634
Capital expenditure and financial investment		(161,359)
INCREASE IN CASH IN THE PERIOD		855,275

All of the cash flows are derived from acquisitions in the current financial period

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2013

	2013 £
Increase in cash in the period	855,275
MOVEMENT IN NET FUNDS IN THE PERIOD	855,275
NET FUNDS AT 31 AUGUST 2013	855,275

The notes on pages 36 to 55 form part of these financial statements

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. 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 2013 issued by the 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 Governors.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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.

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES (continued)

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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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.

1.4 Resources expended

All 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.

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES (continued)

1.5 Going concern

The Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	125 years straight line
Long-term leasehold improvements	-	50 years straight line
Motor vehicles	-	5 years straight line
Fixtures and fittings	-	3 years straight line

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 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.

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.9 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 the 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 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

1.10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method

The assets and liabilities transferred on conversion from The Priory School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item Their fair value is in accordance with the accounting policies set out for Pursuing Educational Excellence Together The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds

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NOTES TO THE FINANCIAL STATEMENTS
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2 CONVERSION TO AN ACADEMY TRUST

On 10 May 2012 The Priory School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Pursuing Educational Excellence Together from Shropshire Council for £NIL consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	11,592,927	11,592,927
- Other tangible fixed assets	-	-	88,270	88,270
Budget surplus/(deficit) on LA funds	144,853	-	-	144,853
LGPS pension surplus/(deficit)	-	(959,000)	-	(959,000)
Net assets/(liabilities)	<u>144,853</u>	<u>(959,000)</u>	<u>11,681,197</u>	<u>10,867,050</u>

3 VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Funds received on conversion	144,853	10,722,197	10,867,050
Other voluntary income	7,691	7,600	15,291
Voluntary income	<u>152,544</u>	<u>10,729,797</u>	<u>10,882,341</u>

4 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Lettings Income	<u>45,725</u>	<u>-</u>	<u>45,725</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Academy's educational operations	-	4,667,406	4,667,406

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DfE/EFA grants			
GAG	-	4,362,972	4,362,972
Other	-	285,309	285,309
Miscellaneous income	-	19,125	19,125
	-	4,667,406	4,667,406

6 OTHER INCOMING RESOURCES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
School trips & activities	277,113	396,339	673,452
School fund income	155,215	-	155,215
	432,328	396,339	828,667

7 GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Governance internal audit costs	-	3,450	3,450
Governance auditors' remuneration	-	7,448	7,448
	-	10,898	10,898

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
DIRECT COSTS			
Wages and salaries	-	2,635,934	2,635,934
National insurance	-	188,716	188,716
Pension cost	-	280,330	280,330
Depreciation	-	131,223	131,223
Pension income	-	54,000	54,000
Repairs & maintenance	-	11,816	11,816
Premises costs	-	109,825	109,825
Insurance	-	57,808	57,808
Educational supplies & services	274,178	265,300	539,478
Catering	-	22,441	22,441
IT	-	22,741	22,741
Admin expenses	-	16,582	16,582
Staff development	-	36,237	36,237
Letting expenses	-	2,190	2,190
Other professional fees	-	79,865	79,865
Other supplies & services	-	56,211	56,211
Furniture & equipment	-	22,399	22,399
Bank charges	-	323	323
Governors' wages and salaries	-	208,270	208,270
Governors' national insurance	-	20,508	20,508
Governors' pension costs	-	29,366	29,366
	<u>274,178</u>	<u>4,252,085</u>	<u>4,526,263</u>
SUPPORT COSTS			
Wages and salaries	-	385,699	385,699
National insurance	-	35,857	35,857
Pension cost	-	105,605	105,605
	<u>-</u>	<u>527,161</u>	<u>527,161</u>
	<u>274,178</u>	<u>4,779,246</u>	<u>5,053,424</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

9 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Academy's educational operations	3,104,980	131,223	1,290,060	4,526,263
Support costs - academy's educational operations	527,161	-	-	527,161
Charitable activities	3,632,141	131,223	1,290,060	5,053,424
Governance	-	-	10,898	10,898
	3,632,141	131,223	1,300,958	5,064,322

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Academy's educational operations	4,526,263	527,161	5,053,424

11 NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2013 £
Depreciation of tangible fixed assets - owned by the charity	131,221
Auditors' remuneration	7,448
Governance internal audit costs	3,450

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

12 STAFF COSTS

Staff costs were as follows

	2013
	£
Wages and salaries	3,250,411
Social security costs	224,573
Other pension costs (Note 24)	415,301
	<u>3,890,285</u>

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

2013
No.
82

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

	2013
	No
In the band £60,001 - £70,000	1
In the band £80,001 - £90,000	1
	<u>2</u>

13. GOVERNORS' 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 and the cost for the period ended 31 August 2013 was £18,816

The cost of this insurance is included in the total insurance cost

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

14. GOVERNORS' REMUNERATION AND EXPENSES

	2013
	£
Remuneration	258,144

During the period retirement benefits were accruing to 4 Governors in respect of defined benefit pension schemes

The highest paid Governor received remuneration for the fifteen month period of £102,299

The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands

	2013
	£
Candy Garbett	80,000-85,000
Pam Jebb	45,000-50,000
Sarah Goodwright	35,000-40,000
Patrick Mulhull	10,000-15,000

During the period, no Governors received any reimbursement of expenses

15. OTHER FINANCE INCOME

	2013
	£
Expected return on pension scheme assets	29,000
Interest on pension scheme liabilities	(83,000)
	(54,000)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Long-term Leasehold Improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
Additions	-	117,950	-	33,389	10,020	161,359
Transfers on conversion	11,592,927	-	15,350	88,270	-	11,696,547
At 31 August 2013	11,592,927	117,950	15,350	121,659	10,020	11,857,906
Depreciation						
Charge for the period	82,625	-	3,544	42,319	2,733	131,221
At 31 August 2013	82,625	-	3,544	42,319	2,733	131,221
Net book value						
At 31 August 2013	11,510,302	117,950	11,806	79,340	7,287	11,726,685

17. DEBTORS

	2013 £
Trade debtors	722
Other debtors	87,010
Prepayments and accrued income	93,073
	<u>180,805</u>

**18. CREDITORS:
Amounts falling due within one year**

	2013 £
Trade creditors	46,697
Other taxation and social security	95,144
Other creditors	9,738
Accruals and deferred income	226,369
	<u>377,948</u>

PURSUING EDUCATIONAL EXCELLENCE TOGETHER
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

19 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Designated fund	-	-	-	155,215	-	155,215
General funds						
General funds	-	630,597	(274,178)	(223,155)	-	133,264
Total unrestricted funds	-	630,597	(274,178)	(67,940)	-	288,479
Restricted funds						
Restricted funds	-	4,974,379	(4,592,921)	-	-	381,458
Pension reserve	-	(959,000)	(66,000)	-	41,000	(984,000)
	-	4,015,379	(4,658,921)	-	41,000	(602,542)
Restricted fixed asset funds						
Restricted fixed asset funds	-	11,778,163	(131,223)	67,940	-	11,714,880
Total restricted funds	-	15,793,542	(4,790,144)	67,940	41,000	11,112,338
Total of funds	-	16,424,139	(5,064,322)	-	41,000	11,400,817

The designated funds have been earmarked for future school improvements

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 2013

PURSuing EDUCATIONAL EXCELLENCE TOGETHER
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	-	-	-	155,215	-	155,215
General funds	-	630,597	(274,178)	(223,155)	-	133,264
	-	630,597	(274,178)	(67,940)	-	288,479
Restricted funds	-	4,015,379	(4,658,921)	-	41,000	(602,542)
Restricted fixed asset funds	-	11,778,163	(131,223)	67,940	-	11,714,880
	-	16,424,139	(5,064,322)	-	41,000	11,400,817

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	11,805	-	11,714,880	11,726,685
Current assets	329,637	706,443	-	1,036,080
Creditors due within one year	(52,963)	(324,985)	-	(377,948)
Provisions for liabilities and charges	-	(984,000)	-	(984,000)
	288,479	(602,542)	11,714,880	11,400,817

21 NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £
Net incoming resources before revaluations	11,359,817
Depreciation of tangible fixed assets	131,221
Increase in debtors	(180,805)
Increase in creditors	377,948
Net transfer from local authority	(11,696,547)
Increase in provisions	1,025,000
Net cash inflow from operations	1,016,634

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

	2013 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(161,359)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 June 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	-	855,275	-	855,275
Net funds	-	855,275	-	855,275

23. CAPITAL COMMITMENTS

At 31 August 2013 the academy had capital commitments as follows

	2013 £
Contracted for but not provided in these financial statements	250,842

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 Shropshire 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 2010

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

24 PENSION COMMITMENTS (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS.

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NOTES TO THE FINANCIAL STATEMENTS
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24 PENSION COMMITMENTS (continued)

Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015

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

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

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

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

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 period ended 31 August 2013 was £181,070, of which employer's contributions totalled £135,603 and employees' contributions totalled £45,467. The agreed contribution rates for future years are 12.3% for employers and 5.5-7.5% for employees

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

As described in note 2 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date

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

The amounts recognised in the Balance Sheet are as follows

	2013 £
Present value of funded obligations	(1,670,000)
Fair value of scheme assets	686,000
	<u> </u>
Net liability	<u><u>(984,000)</u></u>

The amounts recognised in the Statement of Financial Activities are as follows

	2013 £
Interest on obligation	(83,000)
Expected return on scheme assets	29,000
	<u> </u>
Total	<u><u>(54,000)</u></u>

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

	2013 £
Interest cost	83,000
Contributions by scheme participants	45,000
Actuarial losses	32,000
Benefits paid	3,000
Business combinations	1,359,000
Current service cost	148,000
	<u> </u>
Closing defined benefit obligation	<u><u>1,670,000</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013**

24. PENSION COMMITMENTS (continued)

Movements in the fair value of the academy's share of scheme assets

	2013 £
Expected return on assets	29,000
Actuarial gains and (losses)	73,000
Contributions by employer	136,000
Contributions by employees	45,000
Benefits paid	3,000
Business combinations	400,000
	<hr/>
	686,000
	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £NIL

The academy expects to contribute £NIL to its Defined Benefit Pension Scheme in 2014

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

	2013
Equities	57.20 %
Government Bonds	12.20 %
Other Bonds	9.60 %
Property	2.90 %
Cash/Liquidity	8.00 %
Other	10.10 %

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

	2013
Discount rate for scheme liabilities	4.50 %
Expected return on scheme assets at 31 August	4.96 %
Rate of increase in salaries	3.90 %
Rate of increase for pensions in payment / inflation	2.40 %
Inflation assumption (CPI)	2.40 %
Commutation of pensions to lump sums	50.00 %

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

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

	2013
Retiring today	
Males	22.3
Females	25
Retiring in 20 years	
Males	22.4
Females	25.1

Amounts for the current period are as follows

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(1,670,000)
Scheme assets	686,000
Deficit	(984,000)
Experience adjustments on scheme liabilities	(32,000)
Experience adjustments on scheme assets	73,000

25. OPERATING LEASE COMMITMENTS

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	Other 2013 £
Expiry date		
Within 1 year	-	19,492
Between 2 and 5 years	-	10,112

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations 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 a Governor has an interest. Any transactions involving such organisations would be conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. No such transactions took place during the year.