

**THE PRIORY SCHOOL TRUST**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**



*WR*  
**Whittingham Riddell**  
*chartered accountants*

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**Members**

Mr G Turner (appointed 18 July 2017)  
Mr D Coull  
Mr P Duffy  
Mr C Johnson  
Mr J Hamilton

**Trustees**

Mr G Turner, Chair of Trustees (appointed 18 July 2017)  
Dr E Stannard, Vice Chair (resigned 25 May 2017)  
Mrs L Twidale  
Mr P Pack (resigned 9 December 2016)  
Mr D Sidaway (resigned 19 May 2017)  
Mr R Adams  
Mr D Burgess  
Mr P Kitchener  
Mr M J Barratt, Principal  
Mrs N Bradley (appointed 1 September 2016)  
Mr J Halliday (appointed 18 July 2017)  
Mrs C Jones (appointed 1 July 2017)  
Mr T Jones (Appointed 1 September 2016)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

**Company registered number**

08064698

**Company name**

The Priory School Trust

**Principal and registered office**

The Priory School Shrewsbury  
Longden Road  
Shrewsbury  
Shropshire  
SY3 9EE

**Executive Team**

Mr M J Barratt - Executive Principal  
Ms S Lovecy - Headteacher (St Martins)  
Mrs C Jones - Headteacher (Coleham)  
Mr D Wright - Finance Director

**Independent auditors**

Whittingham Riddell LLP  
Chartered Accountants  
Belmont House  
Shrewsbury Business Park  
Shrewsbury  
Shropshire  
SY2 6LG

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**THE PRIORY SCHOOL TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

**Structure, governance and management**

**a. Constitution**

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Trustees of the Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Priory School Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

**b. Members' liability**

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

**c. Method of recruitment and appointment or election of Trustees**

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

**d. Policies and procedures adopted for the induction and training of Trustees**

Trustees are subject to a number of induction and training requirements. Each Trustee is made aware of the requirements of their role and given relevant documents. Ongoing support and advice is provided as and when the need arises.

**e. Organisational structure**

The Trustees are responsible for setting general policy, approving and monitoring the annual budget and monitoring the School Development Plan (SDP). The Trustees make strategic decisions about the direction of the Trust and capital expenditure, making senior appointments, and approving the Annual Report and Financial Statements.

The Trust is led by the Executive Principal, who is also Principal of The Priory School. Each school within the trust has a Senior Leadership Team (SLT) consisting of a Principal/Headteacher, Deputy and Assistant Headteachers. The size of the SLT is determined by the size of the school. Through this, these leaders control the schools at executive level implementing the policies laid down by the Trustees and reporting back to them.

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

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As a group, SLT is responsible for the authorisation of spending within the agreed budgets and appointing staff to posts. Some spending is devolved to budget holders with limits above which must be approved by a Senior Leader.

**f. Pay policy for key management personnel**

The Trustees Pay Committee meets annually each November to determine pay increases for staff following completion of the Trust's Performance Management programme. This applies to key management personnel also.

**g. Connected organisations, including related party relationships**

There are no related parties or other connected Charities/Organisations.

**Objectives and Activities**

**a. Objects and aims**

"The principal objects and activity of the Academy is to:

- (a) provide education for mixed sex students between the ages of 3 - 16;
- (b) 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;
- (c) to promote for the benefit of the inhabitants of West Shropshire, 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.

**b. Objectives, strategies and activities**

Strategic Aims 2017 – 2022

Purpose: Through the work of all those involved in the success of the Trust, our purpose is that our students develop the characteristics of being selfless, self-assured and successful.

We expect our students to:

- Work hard, in order to meet and even surpass their targets, regardless of their starting point;
- Be interesting people, who pursue their passion and share it with others; and
- Be good people, making the right choices for themselves and others.

Strategic Objectives:

1. To work collaboratively, with accountability, whilst retaining local autonomy and uniqueness, to develop all the MAT schools with the aspiration to be outstanding;
2. To develop further opportunities for staff development and progression, which supports the quality of teaching and learning, positively influencing school performance now and into the future;
3. To establish a sustainable business model, in the face of the current and predicted funding picture;
4. To share the success of The Priory School with other schools and in doing so, sharpen practice at The Priory School further;
5. To develop the capacity and competency of Governance across all schools within the MAT, enabling further school improvement.

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

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Our targets are:

- i) Develop the strategy further in order to enable the MAT to grow;
- ii) Secure a governance structure which provides relevant expertise, appropriate accountability and clear communication across the various governing bodies;
- iii) Enable sustainable improvement in its schools.

**c. Public benefit**

The Trust's purpose is to advance, for public benefit, education as described in the principal activities above. The Trustees have complied with their duty to have due regard to the revised guidance on public benefit published by the Charity Commission in exercising their duties.

**Strategic report**

**Achievements and performance**

**a. Review of activities**

Not only do we pursue the vital dimension of achieving the best results for all our young people, regardless of their starting point, but we also believe strongly that education is about more than academic results. We want our students to pursue and share their own interests and passions as well as understand the difference between right and wrong.

Our purpose is therefore to work for our students so that they become selfless, self-assured and successful. In turn this is demonstrated in their ambition, independence and resilience. The close working relationships between staff and students, as well as the mutual support the students provide for each other enable this purpose to be fulfilled.

With strong academic results and very good behaviour as our starting point, we expect our students to work hard, be interesting people to be good, kind, generous people, who make the right choices in life and who learn from their mistakes.

The lead school within the Trust is The Priory School. An outstanding Ofsted inspection in 2013 has fuelled our desire to improve even further; the message we share is that we will not allow the successes of the past to be the standards we hold in the future. We are therefore restless for improvement in all areas of school life.

We offer a wide range of subjects at both key stage 3 and 4 that enable all pupils to have access to a broad and balanced curriculum, aimed at producing self-assured, resilient individuals, well prepared for the next stage in their academic career.

At Key Stage 3 students are mainly taught in a mixed ability setting, within their House tutor group, apart from Maths and English where they are settled according to ability. Our children benefit from highly experienced, subject specialists who convey an energetic passion and understanding of their area which helps each student to achieve their potential in preparation for their GCSE studies. The average number of students within a Key Stage 3 teaching group is 28, with a smaller number (approximately 20) in practical subjects such as Design and Technology.

The Priory School prides itself on offering a pathway to suit all at Key Stage 4 with a combination of compulsory and optional subjects, allowing them to develop a greater insight into their areas of interest. We also offer a more supported route for certain students, where GCSE subjects are not the best option. These range from Entry Level qualifications to work placements and are decided on an individual basis, after discussion with both students and parents.

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

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In September 2016, St Martins 3-16 School near Oswestry converted to academy status and joined The Priory School Trust. The school, rated as 'Requires Improvement' in its most recent OFSTED inspection in May 2016, has been involved in a rigorous process of school improvement with department leaders at The Priory School working in conjunction with their counterparts at St Martins 3-16 School.

From 1st July 2017, Coleham Primary School joined The Priory School Trust. Coleham Primary School, rated 'Good' by OFSTED, is a feeder school to The Priory School with approximately 50% of their Year 6 students making the transition to The Priory. The Headteacher at Coleham Primary will be working collaboratively with the primary section of St Martins School to drive school improvement. In addition, work will be undertaken to aid transition from primary to secondary.

**b. Going concern**

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

**c. Key financial performance indicators**

**Exam Results**

**The Priory School**

The results that the School has achieved in 2017 has made it one of the highest attaining Shropshire comprehensive school. The headline figures are:

MEASURE	TARGET	ACTUAL
Progress 8	0	0.28
5+A*-C inc E/M 9-4	70%	81%
Ebac	40%	24%
Entries at A/A* (7,8,9)	28%	31%
Attainment 8	57	54.4
Threshold E/M at 5+	60%	61%
Entries at A*-C (4+)	80%	84%

Attainment is good with many pleasing subject results; over 50% of students gained an A/A\* in History, RP, Drama and ECDL with Product not far behind. Nine subjects achieved a pass rate of more than 90%.

**St Martins School**

The Progress 8 score for St Martins was -0.37. This was down slightly on the previous year group but is categorised as 'Average' when compared against the national picture.

**d. Investment policy and performance**

Due to the nature of funding, The Priory School Trust may at times hold cash balances surplus to its short term requirements. No other investment is authorised at present. Any year-end surplus is re-invested into educational capital projects.



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

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**Financial review**

**a. Reserves policy and principal funding**

Most of the Trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ending 31 August 2017 total expenditure of £8,098,527 was covered by the recurrent grant funding from the ESFA. The excess of restricted income over expenditure for the same period (excluding the restricted fixed asset fund and pension reserve) was £570,001.

At 31 August 2017 the net book value of the fixed assets was £25,049,183 and movements in tangible fixed assets are shown in note 14 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Trustees 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 Trustees have determined, through the Finance & Audit Committee, that an appropriate level of cash flow of 2% of the annual income of the Trust shall be ring-fenced for emergency spending. 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 repairs to, or replacement of key assets.

**b. Principal risks and uncertainties/ Financial risk management objectives and policies**

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust and its finances.

The Trustees have implemented a number of systems to assess risks that the schools within the Trust face with the each one having a common risk register. This is monitored through the Local Governor Body (LGB) meetings and reported to the Board. The Trust itself has a separate risk register for strategic risks.

The Trust's system of internal financial control is based on:

- Comprehensive budgeting and monitoring systems with an annual budget for each school and periodic financial reports which are reviewed by the Senior Leadership Team, the relevant finance link Governor at LGB level and the Finance and Audit Committee, and in the case of the setting the school budget the Board.
- 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 Finance & Audit Committee by external auditors for their consideration and the review of the Trust's actions.
- Trustees setting targets to measure financial and GCSE performance.
- A redrafted financial procedures manual taking into account the expansion of the MAT with clear guidelines for purchasing.
- Delegation of authority and segregation of duties.

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

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**Plans for future periods**

**a. Future developments**

The Trust continues to look at expansion and has held discussions with some schools. Growth will be managed very carefully, mindful not to a detrimental effect on the good work being undertaken in current schools within the MAT.

**Funds held as custodian**

The Trust does not hold any funds on behalf of any other party.

**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 6 December 2017 and signed on its behalf by:



**Mr G Turner**  
**Chair of Trustees**

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**THE PRIORY SCHOOL TRUST**  
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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

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

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

**Governance**

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

Trustee	Meetings attended	Out of a possible
Mr G Turner, Chair of Trustees	6	6
Dr E Stannard, Vice Chair	3	5
Mrs L Twidale	6	6
Mr P Pack	2	2
Mr D Sidaway	3	5
Mr R Adams	5	6
Mr D Burgess	5	6
Mrs Y Rimmer	6	6
Mrs C Jones	1	1
Mr T Jones	6	6

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management and compliance.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Sidaway	3	5
Mrs Y Rimmer	6	6
Mr R Adams	1	1
Mr J Halliday	5	6
Mr M J Barratt	6	6
Mr D Burgess	4	6
Mr J Sadler	6	6

Each school has a Local Governing Body (LGB) that meets 3 times each year.

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**GOVERNANCE STATEMENT (continued)**

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**Review of Value for Money**

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

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

I accept that as accounting officer of The Priory School Trust I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

**The Academy is committed to:**

**Robust Governance and Financial Oversight**

The Board of Trustees review and approve the annual budget following recommendation from the Senior Leadership Teams and the Finance & Audit sub-committee.

The Finance & Audit sub-committee meet 5 times throughout the year to review termly accounts and budget monitoring, approve larger capital expenditure and comply with the academy trust's delegated power and tender arrangements.

**Achieving Best Value**

The Academy Trust ensures a continual focus on best value through purchasing, clearly understanding the value of its tangible and non-tangible assets and how they can be used effectively to raise attainment of students.

The Trust encourages budget holders to seek best value on all purchases which has seen a move towards more online purchases rather than the traditional trade suppliers' route. The academy promotes fair competition through quotations and tenders, in accordance with its Financial Regulations, to ensure that goods and services are secured in the most economic, efficient and effective way.

Trustees are presented with a benchmarking exercise presentation whereby the academy is compared against similar Trusts in the county and nationally to ensure that it is achieving best value for money.

**Reviewing Control & Managing Risk**

The Finance Director undertakes a monthly review of budget monitoring which he presents to the Heads of Schools for analysis. Any significant variances are highlighted so an informed decision can be made if necessary. The Principal performs a half termly audit checking invoices have been processed correctly and undertaking spot checking on payroll records. There is a full segregation of duties for all financial matters.

**Maximising Income**

The Academy Trust explores other avenues of income generation including hiring out the school facilities to the local community at competitive rates. The school also ensures that all surplus monies are carefully managed.

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**THE PRIORY SCHOOL TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Priory School Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**GOVERNANCE STATEMENT (continued)**

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**The Risk and Control Framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Whittingham Riddell LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:  
Review of control procedures for all areas of income and expenditure and general best practice procedures.

On a termly basis, the auditors report to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

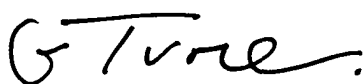
**Review of Effectiveness**

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

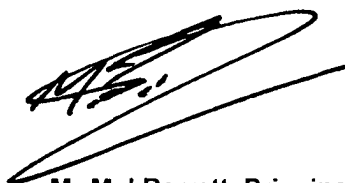
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 6 December 2017 and signed on their behalf, by:



**Mr G Turner**  
**Chair of Trustees**



**Mr M J Barratt, Principal**  
**Accounting Officer**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Priory School Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



**Mr M J Barratt, Principal  
Accounting Officer**

Date: 06 December 2017

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6 December 2017 and signed on its behalf by:



**Mr G Turner**  
**Chair of Trustees**



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

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**Opinion**

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of opinion**

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

**Conclusions relating to going concern**

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

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

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

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

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**Responsibilities of trustees**


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

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

  
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  
15 December 2017

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated February 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Priory School Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Priory School Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Priory School Trust's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**THE PRIORY SCHOOL TRUST**  
(A company limited by guarantee)

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Malpass BA FCA

**Whittingham Riddell LLP**

Chartered Accountants  
Statutory Auditors

Belmont House  
Shrewsbury Business Park  
Shrewsbury  
Shropshire  
SY2 6LG

15 December 2017

**THE PRIORY SCHOOL TRUST**  
(A company limited by guarantee)

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

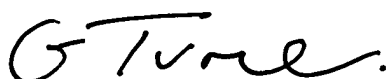
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Balances transferred on						
Conversion	2	199,256	(1,997,000)	12,893,415	11,095,671	-
Other donations and capital						
grants	2	-	32,011	732,250	764,261	315,158
Charitable activities	3	-	7,902,458	-	7,902,458	4,535,440
Other trading activities	4	68,966	198,563	-	267,529	94,121
Investments	5	621	-	-	621	647
<b>TOTAL INCOME</b>		<b>268,843</b>	<b>6,136,032</b>	<b>13,625,665</b>	<b>20,030,540</b>	<b>4,945,366</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	8,323,527	345,001	8,668,528	4,713,144
<b>TOTAL EXPENDITURE</b>	6	<b>-</b>	<b>8,323,527</b>	<b>345,001</b>	<b>8,668,528</b>	<b>4,713,144</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>268,843</b>	<b>(2,187,495)</b>	<b>13,280,664</b>	<b>11,362,012</b>	<b>232,222</b>
Transfers between Funds	17	-	(168,787)	168,787	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>268,843</b>	<b>(2,356,282)</b>	<b>13,449,451</b>	<b>11,362,012</b>	<b>232,222</b>
Actuarial gains/(losses) on defined benefit pension schemes	22	-	478,000	-	478,000	(805,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>268,843</b>	<b>(1,878,282)</b>	<b>13,449,451</b>	<b>11,840,012</b>	<b>(572,778)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		282,601	(1,576,879)	12,303,332	11,009,054	11,581,832
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>551,444</b>	<b>(3,455,161)</b>	<b>25,752,783</b>	<b>22,849,066</b>	<b>11,009,054</b>

**THE PRIORY SCHOOL TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 08064698

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	14		25,049,183		12,303,332
<b>CURRENT ASSETS</b>					
Debtors	15	290,896		200,238	
Cash at bank and in hand		1,726,395		925,492	
		<u>2,017,291</u>		<u>1,125,730</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(378,408)</u>		<u>(325,008)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,638,883</u>		<u>800,722</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>26,688,066</u>		<u>13,104,054</u>
Defined benefit pension scheme liability	22		<u>(3,839,000)</u>		<u>(2,095,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>22,849,066</u></u>		<u><u>11,009,054</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	383,839		518,121	
Restricted fixed asset funds	17	<u>25,752,783</u>		<u>12,303,332</u>	
Restricted income funds excluding pension liability		<u>26,136,622</u>		<u>12,821,453</u>	
Pension reserve		<u>(3,839,000)</u>		<u>(2,095,000)</u>	
Total restricted income funds			<u>22,297,622</u>		<u>10,726,453</u>
Unrestricted income funds	17		<u>551,444</u>		<u>282,601</u>
<b>TOTAL FUNDS</b>			<u><u>22,849,066</u></u>		<u><u>11,009,054</u></u>

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:



**Mr G Turner**  
**Chair of Trustees**

**THE PRIORY SCHOOL TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>13,887,755</u>	<u>522,802</u>
<b>Cash flows from investing activities:</b>			
Proceeds from the sale of tangible fixed assets		4,000	-
Purchase of tangible fixed assets		<u>(13,090,852)</u>	<u>(455,003)</u>
<b>Net cash used in investing activities</b>		<u>(13,086,852)</u>	<u>(455,003)</u>
<b>Change in cash and cash equivalents in the year</b>		800,903	67,799
Cash and cash equivalents brought forward		<u>925,492</u>	<u>857,693</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>1,726,395</u></u>	<u><u>925,492</u></u>



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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Fund accounting**

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

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

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

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

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

**1.6 Turnover**

Turnover comprises revenue recognised by the academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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

Upon conversion to academy status the Trust entered into a long term lease agreement with the Local Authority to occupy the school site over 125 years at nil rental charge.

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Operating leases**

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

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Taxation**

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

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**THE PRIORY SCHOOL TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.15 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

Critical areas of judgment are:

*Assumptions used in pensions valuation*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

*Land and Buildings valuation*

The Trust's land and buildings were brought in on conversion based on insurance valuation.

For in year transfers on conversion the land and buildings are valued by reference to the ESFA valuation report. In the absence of this valuation for the period ended 31 August 2017, the values introduced have been determined by reference to the net book value the assets were held by the Local Authority.

**THE PRIORY SCHOOL TRUST**  
(A company limited by guarantee)

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Land and buildings transferred on conversion	-	-	12,893,415	12,893,415	-
Pension deficit transferred on conversion	-	(1,997,000)	-	(1,997,000)	-
School Fund balances transferred on conversion	46,250	-	-	46,250	-
Surplus transferred from local authority on conversion	153,006	-	-	153,006	-
	<u>199,256</u>	<u>(1,997,000)</u>	<u>12,893,415</u>	<u>11,095,671</u>	<u>-</u>
Balances transferred on Conversion					
	<u>199,256</u>	<u>(1,997,000)</u>	<u>12,893,415</u>	<u>11,095,671</u>	<u>-</u>
Donations	-	2,559	-	2,559	203,979
Capital grants	-	29,452	732,250	761,702	111,179
	<u>199,256</u>	<u>(1,964,989)</u>	<u>13,625,665</u>	<u>11,859,932</u>	<u>315,158</u>
<i>Total 2016</i>	<u>1,087</u>	<u>314,071</u>	<u>-</u>	<u>315,158</u>	



**THE PRIORY SCHOOL TRUST**  
(A company limited by guarantee)

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

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	6,377,589	6,377,589	3,804,565
Other DfE/ESFA grants	-	620,039	620,039	259,625
	-	6,997,628	6,997,628	4,064,190
<b>Other government grants</b>				
Local Authority Grants	-	543,484	543,484	198,016
	-	543,484	543,484	198,016
<b>Other funding</b>				
School Fund Income	-	361,346	361,346	273,234
	-	361,346	361,346	273,234
	-	7,902,458	7,902,458	4,535,440
<b>Total 2016</b>	-	4,535,440	4,535,440	

**4. TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Charity trading income</b>				
Hire of facilities	68,966	-	68,966	31,242
Other	-	198,563	198,563	62,879
	68,966	198,563	267,529	94,121
<b>Net income from trading activities</b>	68,966	198,563	267,529	94,121
<b>Total 2016</b>	31,242	62,879	94,121	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	621	-	621	647
<i>Total 2016</i>	647	-	647	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's Educational Operations:					
Direct costs	5,321,005	-	1,577,463	6,898,468	3,803,436
Support costs	706,328	256,525	807,207	1,770,060	909,708
	6,027,333	256,525	2,384,670	8,668,528	4,713,144
<i>Total 2016</i>	3,388,504	318,301	1,006,339	4,713,144	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Academy's Educational Operations	6,898,468	1,770,060	8,668,528	4,713,144
<i>Total 2016</i>	<i>3,850,436</i>	<i>862,708</i>	<i>4,713,144</i>	

**Analysis of direct costs**

	Academy's Educational Operations £	Total 2017 £	Total 2016 £
Pension income	70,000	70,000	47,000
Educational Supplies & Services	1,020,651	1,020,651	534,884
IT	99,012	99,012	86,648
Staff Development	42,799	42,799	33,649
Directors wages and salaries	142,338	142,338	191,852
Directors national insurance	16,002	16,002	19,853
Directors pension cost	21,194	21,194	27,088
Wages and salaries	4,010,906	4,010,906	2,165,027
National insurance	367,422	367,422	172,364
Pension cost	763,143	763,143	356,960
Depreciation	345,001	345,001	215,111
	<b>6,898,468</b>	<b>6,898,468</b>	<b>3,850,436</b>
<i>At 31 August 2016</i>	<i>3,850,436</i>	<i>3,850,436</i>	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)**

**Analysis of support costs**

	Academy's Educational Operations £	Total 2017 £	Total 2016 £
Staff costs	702,608	702,608	455,360
Repairs & Maintenance	99,338	99,338	31,390
Premises Costs	256,525	256,525	103,190
Insurance	98,158	98,158	59,139
Catering	102,668	102,668	37,113
IT	69,304	69,304	-
Admin Expenses	116,607	116,607	38,851
Letting Expenses	-	-	2,166
Other Professional Fees	98,091	98,091	17,353
Other Supplies & Services	-	-	96,032
Furniture & Equipment	92,621	92,621	11,646
Bank Charges	397	397	348
Governance	13,130	13,130	10,120
Travel expenses	31,295	31,295	-
Head office recharge	89,318	89,318	-
	<u>1,770,060</u>	<u>1,770,060</u>	<u>862,708</u>
<i>At 31 August 2016</i>	<u>862,708</u>	<u>862,708</u>	

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	345,001	215,111
Operating lease rental	93,159	38,799
Fees payable to auditor for audit services	5,700	4,545
Other services	<u>7,850</u>	<u>5,575</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,763,592	2,747,666
Social security costs	403,290	226,855
Operating costs of defined benefit pension schemes	856,731	413,983
	<u>6,023,613</u>	<u>3,388,504</u>
Apprenticeship levy	3,720	-
	<u>6,027,333</u>	<u>3,388,504</u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	27,891	-

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

	2017 No.	2016 No.
Teachers	70	50
Support staff	64	31
Management	12	5
	<u>146</u>	<u>86</u>

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

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

The total remuneration and benefits received by key management personnel was £244,842 (2016: £407,013)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. CENTRAL SERVICES**

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

- External Consultancy/ Support
- Website Redesign
- Finance system licensing
- Office costs
- Salary costs
- School Improvement

The academy charges for these services on the following basis:

The costs of the work performed by the MAT is recharged to the priory school on a 100% basis.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
St Martins School	<u>87,500</u>	<u>-</u>

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

	2017 £	2016 £
Remuneration	<u>158,340</u>	<u>238,792</u>

The highest paid Trustee received remuneration of £109,551 (2016 - £103,795).

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

		2017 £	2016 £
Mr M J Barratt, Principal	Remuneration	105,000-110,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Mr P Kitchener	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000
Mrs S Goodwright (Resigned 31/08/2016)	Remuneration	Nil	30,000-35,000
	Pension contributions paid	Nil	5,000-10,000
Mrs P Jebb (Resigned 31/08/2016)	Remuneration	Nil	0-5,000
	Pension contributions paid	Nil	0-5,000
Mr T Goodman (Resigned 31/08/2016)	Remuneration	Nil	30,000-35,000
	Pension contributions paid	Nil	0-5,000
Mrs C Jones (Appointed 01/07/2017)	Remuneration	10,000-15,000	Nil
	Pension contributions paid	0-5,000	Nil

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL to Trustees).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £33,747 (2016 - £39,422).

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**13. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest income on pension scheme assets	29,000	41,000
Interest on pension scheme liabilities	(99,000)	(88,000)
	<u>(70,000)</u>	<u>(47,000)</u>

**14. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	12,330,918	15,350	475,291	207,421	13,028,980
Additions	105,579	-	35,357	56,501	197,437
Disposals	-	(15,350)	-	-	(15,350)
Brought in on conversion	12,777,132	-	116,283	-	12,893,415
At 31 August 2017	<u>25,213,629</u>	<u>-</u>	<u>626,931</u>	<u>263,922</u>	<u>26,104,482</u>
<b>Depreciation</b>					
At 1 September 2016	301,495	12,755	284,255	127,143	725,648
Charge for the year	138,235	2,595	145,292	58,879	345,001
On disposals	-	(15,350)	-	-	(15,350)
At 31 August 2017	<u>439,730</u>	<u>-</u>	<u>429,547</u>	<u>186,022</u>	<u>1,055,299</u>
<b>Net book value</b>					
At 31 August 2017	<u>24,773,899</u>	<u>-</u>	<u>197,384</u>	<u>77,900</u>	<u>25,049,183</u>
At 31 August 2016	<u>12,029,423</u>	<u>2,595</u>	<u>191,036</u>	<u>80,278</u>	<u>12,303,332</u>

**15. DEBTORS**

	2017 £	2016 £
Trade debtors	61,098	18,904
Other debtors	143,634	76,493
Prepayments and accrued income	86,164	104,841
	<u>290,896</u>	<u>200,238</u>



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

	2017 £	2016 £
Trade creditors	125,765	4,514
Other taxation and social security	205,502	105,178
Accruals and deferred income	47,141	215,316
	<u>378,408</u>	<u>325,008</u>
	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	18,408	-
Resources deferred during the year	-	18,408
Amounts released from previous years	(18,408)	-
	<u>-</u>	<u>18,408</u>
Deferred income at 31 August 2017	-	18,408

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**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Designated funds</b>						
Funds for school improvement	250,000	-	-	-	-	250,000
<b>General funds</b>						
General Funds	32,601	268,843	-	-	-	301,444
Total Unrestricted funds	282,601	268,843	-	-	-	551,444
<b>Restricted funds</b>						
General Annual Grant (GAG)	260,229	7,540,231	(7,512,624)	(168,787)	-	119,049
Multi Academy Trust Grant (GAG)	55,000	-	(27,500)	-	-	27,500
Teaching School Alliance	202,892	592,801	(558,403)	-	-	237,290
Pension reserve	(2,095,000)	(1,997,000)	(225,000)	-	478,000	(3,839,000)
	(1,576,879)	6,136,032	(8,323,527)	(168,787)	478,000	(3,455,161)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	12,303,332	13,625,665	(345,001)	168,787	-	25,752,783
Total restricted funds	10,726,453	19,761,697	(8,668,528)	-	478,000	22,297,622
Total of funds	11,009,054	20,030,540	(8,668,528)	-	478,000	22,849,066

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

The designated funds have been earmarked for future school improvements. Restricted general funds comprise all other restricted funds received and include grants from the Department for Education. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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 2017.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
The Priory School	735,243	800,722
Coleham Primary School	165,542	-
St Martins School	34,498	-
	<u>935,283</u>	<u>800,722</u>
Total before fixed asset fund and pension reserve	935,283	800,722
Restricted fixed asset fund	25,752,783	12,303,332
Pension reserve	(3,839,000)	(2,095,000)
	<u>22,849,066</u>	<u>11,009,054</u>
Total	<u>22,849,066</u>	<u>11,009,054</u>

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciat- ion £</b>	<b>Total 2017 £</b>	<i>Total 2016 £</i>
The Priory School	3,078,133	454,746	965,027	610,840	5,108,746	4,431,033
Coleham School	190,680	24,728	12,314	27,829	255,551	-
St Martins school	1,897,192	223,134	185,121	428,783	2,734,230	-
	<u>5,166,005</u>	<u>702,608</u>	<u>1,162,462</u>	<u>1,067,452</u>	<u>8,098,527</u>	<u>4,431,033</u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	25,049,183	25,049,183
Current assets	579,335	734,356	703,600	2,017,291
Creditors due within one year	(27,891)	(350,517)	-	(378,408)
Provisions for liabilities and charges	-	(3,839,000)	-	(3,839,000)
	<u>551,444</u>	<u>(3,455,161)</u>	<u>25,752,783</u>	<u>22,849,066</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	11,362,012	232,222
<b>Adjustment for:</b>		
Depreciation charges	345,001	215,111
Profit on the sale of fixed assets	(4,000)	-
Increase in debtors	(90,658)	(79,770)
Increase in creditors	53,400	88,239
Defined benefit pension scheme finance cost	2,222,000	67,000
<b>Net cash provided by operating activities</b>	<u>13,887,755</u>	<u>522,802</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	1,726,395	925,492
<b>Total</b>	<u>1,726,395</u>	<u>925,492</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. CONVERSION TO AN ACADEMY TRUST**

On 1st September 2016 St Martins school, and on 1st July 2017 Coleham Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priory School Trust from Shropshire Local authority for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	12,893,415	12,893,415
Budget surplus/(deficit) on LA funds	98,600	-	-	98,600
LGPS pension surplus/(deficit)	-	(1,997,000)	-	(1,997,000)
Net assets/(liabilities)	<u>98,600</u>	<u>(1,997,000)</u>	<u>12,893,415</u>	<u>10,995,015</u>

**22. 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 Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

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**22. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £493,289 (2016 - £286,158).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £325,436 (2016 - £180,298), of which employer's contributions totalled £256,595 (2016 - £141,955) and employees' contributions totalled £68,841 (2016 - £38,343). 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.

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**22. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

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

	2017	2016
Retiring today		
Males	23.0	23.9
Females	26.2	26.4
Retiring in 20 years		
Males	25.2	26.2
Females	28.2	29.2

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	3,723,000	2,023,000
Inflation +0.1%	3,958,000	2,168,000
Pay growth +0.1%	3,864,000	2,119,000
Mortality assumption - 1 year increase	3,941,000	2,153,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	931,000	655,000
Bonds	428,000	242,000
Property	87,000	64,000
Cash and other liquid assets	86,000	21,000
Other	288,000	248,000
<b>Total market value of assets</b>	<b>1,820,000</b>	<b>1,230,000</b>

The actual return on scheme assets was £193,000 (2016 - £145,000).

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**22. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(405,000)	(159,000)
Interest income	29,000	41,000
Interest cost	(99,000)	(88,000)
Admin expenses	(7,000)	(3,000)
Total	<u>(482,000)</u>	<u>(209,000)</u>
Actual return on scheme assets	<u>193,000</u>	<u>145,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,325,000	2,163,000
Upon conversion	1,997,000	-
Current service cost	405,000	159,000
Interest cost	99,000	88,000
Employee contributions	69,000	38,000
Actuarial (gains)/losses	(204,000)	909,000
Benefits paid	(32,000)	(32,000)
Closing defined benefit obligation	<u>5,659,000</u>	<u>3,325,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,230,000	940,000
Interest income	29,000	41,000
Actuarial losses	274,000	104,000
Employer contributions	257,000	142,000
Employee contributions	69,000	38,000
Benefits paid	(32,000)	(32,000)
Admin expenses	(7,000)	(3,000)
Closing fair value of scheme assets	<u>1,820,000</u>	<u>1,230,000</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	50,614	39,421
Between 1 and 5 years	49,164	63,257
Total	<u>99,778</u>	<u>102,678</u>

**24. MEMBERS' LIABILITY**

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

**25. RELATED PARTY TRANSACTIONS**

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

The Teaching School Alliance, a company which M J Barratt (Principal) is also a Director, made payments to The Priory School amounting to £Nil (2016: £202,892), to pay for the services of staff members and the running of this company.