

THE PRIORY SCHOOL TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



WR
Whittingham Riddell
chartered accountants

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr D Coull
Mr P Duffy
Mr J Hamilton
Mr C Johnson
Mr G Turner
Mrs Y Rimmer (appointed 24 May 2019)

Trustees

Mr G Turner, Chair of Trustees¹
Mr J Sadler (resigned 21 January 2019)¹
Mr S Ramtuhul
Mrs K Burbridge (appointed 21 November 2018)
Mr P Paes
Mr R Adams (resigned 24 May 2019)¹
Mr D Burgess¹
Mr P Kitchener (resigned 5 July 2019)
Mr J Halliday¹
Mrs C Jones (resigned 25 January 2019)
Mr M J Barratt¹
Mr T Jones (resigned 12 December 2018)

¹ Members of The Finance Committee

Company registered number

08064698

Company name

The Priory School Trust

Principal and registered office

The Priory School Shrewsbury
Longden Road
Shrewsbury
Shropshire
SY3 9EE

Company secretary

Mr A Burns

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Executive Team

Mr M J Barratt - Executive Principal
Ms S Lovecy - Headteacher - St Martins 3-16 School
Mrs C Jones - Headteacher Coleham Primary School
Mr D Wright - Finance Director

Independent auditors

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

Bankers

Lloyds Bank
1 Pride Hill
Shrewsbury
SY1 1DG

Solicitors

Lanyon Bowdler
Chapter House North
Abbey Lawn
Abbey Foregate
Shrewsbury
SY2 5DE

THE PRIORY SCHOOL TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

The Priory School Trust ("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 Trust.

The Trustees of The Priory School Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year, and to the date these accounts are approved 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 Memorandum of Association.

d. Policies 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) for each school in the Trust. 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, a Deputy and Assistant Headteachers. The size of the SLT is determined by the size of the school. Through this, the school leaders control the school at executive level implementing the policies and building the ethos of schools in the Trust as decided by the Trust; each school via the report of the Executive Principal, report back to the Board. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

f. Arrangements for setting pay and remuneration of key management personnel

The Trustees Pay Committee meets annually each October to determine pay increases for staff following completion of the Trust's Performance Management programme. The Trustees Pay Committee meet for a second time in November in order to determine pay increases for Headteachers at each of the schools within the Trust, and to carry out the performance management of the Executive Principal.

g. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	3
100%	-

Percentage of pay bill spent on facility time

	£
Total cost of facility time	1,811
Total pay bill	7,400,827
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	6 %
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h. Related parties and other connected charities and organisations

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Objectives and activities

a. Objects and aims

The principle objects and activity of the Trust is to:

- provide education in co-educational setting for students between the ages of 3 - 18;
- 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;
- to promote for the benefit of the inhabitants of the surrounding area of each school, 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 2019 – 2024

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 develop the capacity, skills and competency of Governance across all schools within the MAT, enabling further school improvement..

Our targets are:

- i) Increase the size of the MAT;
- 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

c. Public benefit

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust continues to provide high quality education to students of all backgrounds at each of the three schools within the Trust. Each student is provided with opportunities to learn inside and outside of the classroom whilst the Trust continues to manage a difficult financial situation (funding reduction in real terms, increases in staffing costs) without compromising the quality of provision.

Each school continues to develop links with the local community, in particular its feeder schools. Transition work from nursery to reception, and Year 6 to Year 7 is critical for student learning and links have been strengthened during 2018-19.

All expenditure is carefully considered and monitored. Clear guidelines are set out in the Trust's Financial Procedure manual in relation to spending limits and authority levels.

Strategic report

Achievements and performance

a. Review of activities

Not only do we pursue the vital dimension of achieving the best academic outcomes 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.

We expect our students to work hard, be interesting people, and good, kind and generous. We want our young people to make the right choices in life, and to enable choices when they reach the end of their statutory education age.

Although The Priory School was the lead school of the Trust, it is now expected that each school contributes to collaborative learning, as each school has particular strengths that can be shared as best practice.

Through our key stages students are mainly taught in a mixed ability setting. Our children benefit from teachers and support staff who convey an energetic passion and understanding for the work of the schools; ultimately this helps each student to achieve their potential in preparation for their GCSE studies.

The Trust 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

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 2019, with leadership and management judged as 'Good' and personal development as 'Outstanding' has been involved in a rigorous process of school improvement with department leaders at both The Priory School and Coleham Primary 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 works collaboratively with the primary section of St Martins School to drive school improvement. In addition, work has been 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 performance indicators

Exam Results

The Priory School

The results that the School has achieved in 2019 has made it one of the highest attaining Shropshire comprehensive schools, ranking in the top 3 for all except one measure, and was first for the majority of measures published by the local authority. The P8 score of 0.35 is 'above' the national average.

St Martins 3 16 School

The Progress 8 score for St Martins is -0.19 which is an improvement on the previous 2 years. Results in the core subjects English and Maths, improved by 10% on the 2018 results and were only slightly below national averages. The P8 score is 'In line with national average' in the DfE's school performance tables.

Results at Key Stage 2 for St Martins School were poor and below national standards in all measures compared to the previous year. Performance at key stage 1 was hugely improved with attainment in all key areas at around national standards. Results in Early Years Foundation Stage (EYFS) remain strong and hitting the national standards across all of the key assessment areas. As with the GCSE outcomes, the school is categorised as 'Average' in comparison to similar school outcomes, with the key stage 2 results being below average.

Coleham Primary School

In 2019, 67% of students attained 'Good Level of Development (GLD)' in EYFS. In phonics, 95% of our children attained the standard, well above the national average. Overall, 75% of students attained Expected+ in Reading, Writing and Maths at the end of Key Stage 1 and 22% attained Greater Depth. At the end of Key Stage 2, 82% of children attained Expected+ and 13% attained Greater Depth. Progress scores for all 3 core subjects were above nationals (Reading +2.56; Writing +1.53; Maths +1.34).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Financial review

a. Reserves policy and principle 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 ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ending 31 August 2019 total expenditure of the Trust (excluding the Teaching School) £10,471,974 was covered by the recurrent grant funding from the ESFA when depreciation and the FRS102 pension costs are taken into account. The excess of restricted income over expenditure for the same period (excluding the restricted fixed asset fund and pension reserve) was -£50,925. Total unrestricted reserves (free reserves) were £258,952 (2018: £608,971).

At 31 August 2019 the net book value of the fixed assets was £26,792,091 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 General Annual Grant (GAG) 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 maintenance.

b. Investment policy

Due to the nature of funding, The Priory School Trust may at times hold cash balances surplus to its short term requirements. Cash balances are deposited into a higher interest bank account in line with cash flow projections and the Trust's investment policy. Any year end surplus is re-invested into educational capital projects.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

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 Governing 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 regular 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 educational 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.
- Identification and management of risks.

Fundraising

The Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

The Department for Education, through the Regional Schools Commissioner (RCS) Office, has approved an academy order for Thomas Adams School, Wem to join the Trust. This is a 11-18, 1200-strong school in Wem, Shropshire with a similar ethos to the schools in the Trust. The anticipated conversion date is 1st February 2020. Discussions with other schools have taken place about joining the Trust however Trustees are mindful of the risks of expanding too quickly.

Funds held as custodian on behalf of others

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Employee involvement and employment of the disabled

Employees are consulted on issues of concern to them when relevant. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Senior Leadership Team.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equality & Diversity;
- Flexible Working;
- Special Leave;
- Safer Recruitment;
- Performance Management;
- Whistleblowing;
- Health & safety

In accordance with the Trust's Equality & Diversity policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Regular communication with staff ensures they are kept informed on a variety of matters, mainly at school level and occasionally at Trust level.

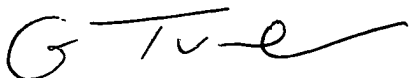
Full details of these policies are available from the Trust's offices.

Disclosure of information to auditors

Insofar 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 16 December 2019 and signed on its behalf by:



Mr G Turner
Chair of Trustees

THE PRIORY SCHOOL TRUST
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GOVERNANCE STATEMENT

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.

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GOVERNANCE STATEMENT (CONTINUED)

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 5 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Turner, Chair of Trustees	5	5
Mr J Sadler	2	2
Mr S Ramtuhul	3	5
Mrs K Burbridge	4	5
Mr P Paes	3	5
Mr R Adams	3	3
Mr D Burgess	3	5
Mr P Kitchener	2	3
Mr J Halliday	3	5
Mrs C Jones	2	2
Mr M J Barratt	5	5
Mr T Jones	2	2

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 during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Halliday, Chair of Finance	5	5
Mr D Burgess	5	5
Mr M Barratt	5	5
Mr J Sadler	2	2
Mr R Adams	0	4
Mr G Turner	1	5

Each school has a Local Governing Body (LGB) that meets 3 times each year in addition to Link Governor meetings, where a local governor, assigned to monitor a certain area of governance, meets with the responsible key member of staff to review performance.

THE PRIORY SCHOOL TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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:

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 trust 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 trust 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 School Headteachers for analysis. Any significant variances are highlighted so an informed decision can be made if necessary. The Executive 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.

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GOVERNANCE STATEMENT (CONTINUED)

Maximising Income

The 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.

- **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 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

- **The Risk and Control Framework**

The 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.

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GOVERNANCE STATEMENT (CONTINUED)

Maximising Income (continued)

The external 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:

- Reviewing and testing the operations of systems and controls;
- Review of financial procedures in place;
- Detail transactional testing; and
- Reporting on their findings.

On a termly basis, the external auditors report to the board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The external auditors or reviewer have delivered their schedule of work as planned with there being no material control issues arising as a result of the work undertaken.

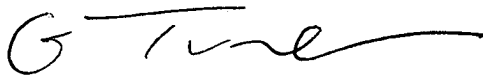
Review of effectiveness

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:

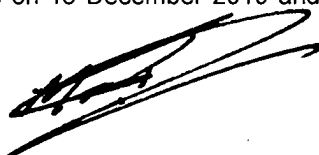
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on their behalf by:



Mr G Turner
Chair of Trustees



Mr M J Barratt
Accounting Officer

THE PRIORY SCHOOL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Priory School Trust I have considered my responsibility to notify the Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2018.

I confirm that I and the Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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
Accounting Officer
Date: 16 December 2019

THE PRIORY SCHOOL TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who 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 Academies Accounts Direction published by the Education & 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:

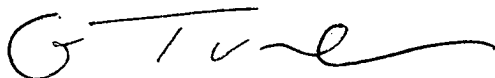
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 16 December 2019 and signed on its behalf by:



Mr G Turner
Chair of Trustees

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

Opinion

We have audited the financial statements of The Priory School Trust (the 'trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust 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 Trust'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.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

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

Other information

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

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 the financial year 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 Trust 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

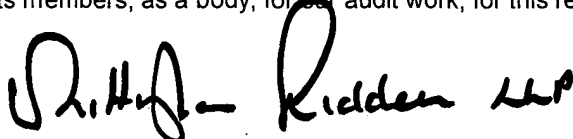
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable Trust'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 charitable Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants

Statutory Auditors

Belmont House

Shrewsbury Business Park

Shrewsbury

Shropshire

SY2 6LG

Date:

18 December 2019

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 29 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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 Trust's income and expenditure.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE PRIORY
SCHOOL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has 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
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date: 18 December 2019

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	-	981,947	981,947	453,478
Charitable activities	4	-	9,321,284	-	9,321,284	8,883,190
Teaching schools	27	-	841,287	-	841,287	783,398
Other trading activities	5	51,273	276,651	-	327,924	234,042
Investments	6	1,984	-	-	1,984	1,237
Total income		53,257	10,439,222	981,947	11,474,426	10,355,345
Expenditure on:						
Charitable activities	7,8	-	10,117,342	354,632	10,471,974	9,882,971
Teaching schools	27	-	830,805	-	830,805	644,922
Total expenditure		-	10,948,147	354,632	11,302,779	10,527,893
Net income/ (expenditure)		53,257	(508,925)	627,315	171,647	(172,548)
Transfers between funds	17	(403,276)	-	403,276	-	-
Net movement in funds before other recognised gains/(losses)		(350,019)	(508,925)	1,030,591	171,647	(172,548)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(1,478,000)	-	(1,478,000)	623,000
Net movement in funds		(350,019)	(1,986,925)	1,030,591	(1,306,353)	450,452

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Note					
Reconciliation of funds:					
Total funds brought forward	608,971	(3,070,953)	25,761,500	23,299,518	<i>22,849,066</i>
Net movement in funds	(350,019)	(1,986,925)	1,030,591	(1,306,353)	<i>450,452</i>
Total funds carried forward	258,952	(5,057,878)	26,792,091	21,993,165	<i>23,299,518</i>

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

The notes on pages 28 to 53 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

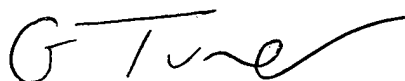
	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	26,792,091	25,701,694
		<u>26,792,091</u>	<u>25,701,694</u>
Current assets			
Debtors	15	281,361	237,209
Cash at bank and in hand		1,028,984	1,326,579
		<u>1,310,345</u>	<u>1,563,788</u>
Creditors: amounts falling due within one year	16	(662,271)	(454,964)
Net current assets		648,074	1,108,824
Total assets less current liabilities		<u>27,440,165</u>	<u>26,810,518</u>
Net assets excluding pension liability		27,440,165	26,810,518
Defined benefit pension scheme liability	23	(5,447,000)	(3,511,000)
Total net assets		<u><u>21,993,165</u></u>	<u><u>23,299,518</u></u>

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the Trust			
Restricted funds:			
Fixed asset funds	17	26,792,091	25,761,500
Restricted income funds	17	389,122	440,047
Restricted funds excluding pension asset	17	27,181,213	26,201,547
Pension reserve	17	(5,447,000)	(3,511,000)
Total restricted funds	17	21,734,213	22,690,547
Unrestricted income funds	17	258,952	608,971
Total funds		21,993,165	23,299,518

The financial statements on pages 23 to 53 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:



Mr G Turner
Chair

The notes on pages 28 to 53 form part of these financial statements.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	19	1,147,435	636,500
Cash flows from investing activities	20	(1,445,030)	(1,036,316)
Change in cash and cash equivalents in the year		(297,595)	(399,816)
Cash and cash equivalents at the beginning of the year		1,326,579	1,726,395
Cash and cash equivalents at the end of the year	21	<u>1,028,984</u>	<u>1,326,579</u>

The notes on pages 28 to 53 form part of these financial statements

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Priory School Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Donations**

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

- **Other income**

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

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- 125 years straight line
Furniture and equipment	- 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.

1.7 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.

1.8 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.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

1.10 Provisions

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

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

1.11 Financial instruments

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost 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 instrument.

1.12 Operating leases

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

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 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.

1.14 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 funders where the asset acquired or created is held for a specific purpose.

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

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

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2019. 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.

3. Income from donations and capital grants

	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	17	17	11,683
Capital Grants	981,930	981,930	441,795
Total 2019	981,947	981,947	453,478

In 2018, of the total income from donations and capital grants, £453,478 was to restricted funds.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the Trust's educational activities

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	8,015,769	8,015,769	7,693,508
Other DfE / ESFA Grant Income	190,635	190,635	107,714
Pupil Premium	360,199	360,199	336,314
Rates reclaim	39,152	39,152	43,453
	<u>8,605,755</u>	<u>8,605,755</u>	<u>8,180,989</u>
Local Authority grants			
Local Authority - SEN	195,612	195,612	191,256
Government - Other Grants	142,537	142,537	98,199
	<u>338,149</u>	<u>338,149</u>	<u>289,455</u>
Other income			
School Fund	374,624	374,624	394,684
Catering Income	2,756	2,756	18,062
	<u>9,321,284</u>	<u>9,321,284</u>	<u>8,883,190</u>
Total 2019	<u><u>9,321,284</u></u>	<u><u>9,321,284</u></u>	<u><u>8,883,190</u></u>

In 2018, of the total income from charitable activities, £8,883,190 was to restricted funds.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Insurance Income	-	245,187	245,187	127,369
Lettings	-	27,113	27,113	48,993
Income from Music	51,273	-	51,273	56,290
Other Trading Income	-	4,351	4,351	1,390
Total 2019	51,273	276,651	327,924	234,042

In 2018, of the total income from other trading activities, £56,290 was to unrestricted funds and £177,752 to restricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income - local cash	1,984	1,984	1,237
Total 2019	1,984	1,984	1,237

In 2018, of the total investment income, £1,237 was to unrestricted funds.

THE PRIORY SCHOOL TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>Total 2018 £</i>
Educational Activities:					
Direct costs	6,260,383	-	1,116,019	7,376,402	7,137,853
Support costs	1,956,640	260,704	878,228	3,095,572	2,745,118
Teaching school	-	-	830,805	830,805	644,922
Total 2019	<u>8,217,023</u>	<u>260,704</u>	<u>2,825,052</u>	<u>11,302,779</u>	<u>10,527,893</u>
<i>Total 2018</i>	<u>7,518,989</u>	<u>262,207</u>	<u>2,746,697</u>	<u>10,527,893</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational Activities	7,376,402	3,095,572	10,471,974	9,882,971
Total 2019	<u>7,376,402</u>	<u>3,095,572</u>	<u>10,471,974</u>	<u>9,882,971</u>
<i>Total 2018</i>	<u>7,137,853</u>	<u>2,745,118</u>	<u>9,882,971</u>	

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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Activities 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	6,129,614	6,129,614	5,808,430
Depreciation	354,632	354,632	383,806
Educational Supplies	129,472	129,472	97,110
Examination Fees	89,402	89,402	89,129
Technology Costs	239,598	239,598	248,809
Educational Consultancy	(2,714)	(2,714)	48,110
Other costs	436,398	436,398	462,459
Total 2019	<u>7,376,402</u>	<u>7,376,402</u>	<u>7,137,853</u>

Analysis of support costs

	Educational Activities 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	1,956,640	1,956,640	1,628,697
Other Staff Costs	45,953	45,953	40,173
Other costs	191,955	191,955	226,943
Rates	39,113	39,113	39,917
Energy	167,144	167,144	162,511
Maintenance of Premises	101,801	101,801	132,833
Cleaning and Caretaking	65,751	65,751	61,342
Security	5,400	5,400	7,445
Transport	16,382	16,382	18,710
Catering	183,972	183,972	199,285
Other Premises Costs	82,587	82,587	68,032
Legal and Professional	223,849	223,849	142,780
Auditor Costs	15,025	15,025	16,450
Total 2019	<u>3,095,572</u>	<u>3,095,572</u>	<u>2,745,118</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	44,347	55,024
Depreciation of tangible fixed assets	354,632	383,805
Fees paid to auditors for:		
- audit	9,600	9,600
- other services	4,575	4,575
	<u>9,600</u>	<u>9,600</u>
	<u>4,575</u>	<u>4,575</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	6,233,594	5,753,619
Social security costs	532,649	506,601
Pension costs	1,387,668	1,172,514
	<u>8,153,911</u>	<u>7,432,734</u>
Agency staff costs	63,112	86,255
	<u>8,217,023</u>	<u>7,518,989</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	120	98
Admin & Support staff	145	168
Managment	15	11
	<u>280</u>	<u>277</u>

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10. Staff costs (continued)

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £110,001 - £120,000	1	1

d. Key management personnel

The key management personnel of the Trust comprise the Executive Team as listed on page 1. The total amount of employee benefits (including pension contributions) received by key management personnel for their services to the Trust were £350,654 (2018: £343,600).

11. Central services

The Trust 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 Improvements

The Trust charges for these services on the following basis:

The costs of the work performed by the MAT is recharged on a basis of top slice of 4.5% of the GAG income for each school.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Priory School	176,409	174,636
St Martins School	113,916	101,084
Coleham School	70,385	70,488
Total	360,710	346,208

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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
Mr M J Barratt	Remuneration	110,000 - 115,000	110,000 - 115,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
Mr P Kitchener (resigned 5 July 2019)	Remuneration	5,000 - 10,000	15,000 - 20,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Mrs C Jones (resigned 25 January 2019)	Remuneration	25,000 - 30,000	60,000 - 65,000
	Pension contributions paid	0 - 5,000	10,000 - 15,000

During the year, retirement benefits were accruing to 1 Trustees (2018 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

13. 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 2019 was £39,285 (2018 - £44,919). The cost of this insurance is included in the total insurance cost.

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14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	26,158,531	687,250	295,017	27,140,798
Additions	1,246,037	132,590	66,403	1,445,030
At 31 August 2019	27,404,568	819,840	361,420	28,585,828
Depreciation				
At 1 September 2018	601,992	580,350	256,762	1,439,104
Charge for the year	174,688	132,002	47,943	354,633
At 31 August 2019	776,680	712,352	304,705	1,793,737
Net book value				
At 31 August 2019	26,627,888	107,488	56,715	26,792,091
At 31 August 2018	25,556,539	106,900	38,255	25,701,694

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	17,821	44,211
Other debtors	153,271	90,309
Prepayments and accrued income	110,269	102,689
	281,361	237,209

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16. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	222,124	115,912
Other taxation and social security	230,725	204,660
Accruals and deferred income	209,422	134,392
	<hr/> 662,271 <hr/>	<hr/> 454,964 <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	608,971	53,257	-	(403,276)	-	258,952
Restricted general funds						
General Annual Grant (GAG)	-	8,015,769	(8,015,769)	-	-	-
Pupil Premium	-	360,199	(360,199)	-	-	-
Other Restricted Income	125,403	1,221,967	(1,283,374)	-	-	63,996
Teaching School	314,644	841,287	(830,805)	-	-	325,126
Pension reserve	(3,511,000)	-	(458,000)	-	(1,478,000)	(5,447,000)
	<u>(3,070,953)</u>	<u>10,439,222</u>	<u>(10,948,147)</u>	<u>-</u>	<u>(1,478,000)</u>	<u>(5,057,878)</u>
Restricted fixed asset funds						
Restricted Fund	25,761,500	981,947	(354,632)	403,276	-	26,792,091
Total Restricted funds	<u>22,690,547</u>	<u>11,421,169</u>	<u>(11,302,779)</u>	<u>403,276</u>	<u>(1,478,000)</u>	<u>21,734,213</u>
Total funds	<u>23,299,518</u>	<u>11,474,426</u>	<u>(11,302,779)</u>	<u>-</u>	<u>(1,478,000)</u>	<u>21,993,165</u>

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

General funds have been used for school improvements in the year.

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 funder where the asset acquired or created is held for a specific purpose.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
The Priory School	166,029	624,888
Coleham Primary School	91,174	81,674
St Martins School	37,043	12,330
Teaching School	325,126	314,644
Central MAT	28,702	15,482
	<u>648,074</u>	<u>1,049,018</u>
Total before fixed asset funds and pension reserve	648,074	1,049,018
Restricted fixed asset fund	26,792,091	25,761,500
Pension reserve	(5,447,000)	(3,511,000)
	<u>21,993,165</u>	<u>23,299,518</u>
Total	21,993,165	23,299,518

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
The Priory School	3,093,649	478,295	218,853	654,151	4,444,948	4,972,095
Coleham Primary School	1,208,920	245,836	67,021	348,745	1,870,522	1,827,758
St Martins School	2,144,822	306,987	163,935	386,573	3,002,317	2,704,024
Teaching School	130,769	-	37,910	662,126	830,805	-
Central MAT	45,223	104,522	5,949	185,861	341,555	345,210
Trust pension	-	-	-	458,000	458,000	295,000
	<u>6,623,383</u>	<u>1,135,640</u>	<u>493,668</u>	<u>2,695,456</u>	<u>10,948,147</u>	<u>10,144,087</u>
Trust	6,623,383	1,135,640	493,668	2,695,456	10,948,147	10,144,087

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds					
Designated funds					
Funds for school improvement	250,000	-	-	-	250,000
General funds					
General Funds	301,444	57,527	-	-	358,971
Total Unrestricted funds	551,444	57,527	-	-	608,971
Restricted general funds					
General Annual Grant (GAG)	119,049	9,905,295	(9,849,087)	-	175,257
Multi Academy Trust Grant	27,500	-	-	-	27,500
Teaching School Alliance	237,290	-	-	-	237,290
Pension reserve	(3,839,000)	-	(295,000)	623,000	(3,511,000)
	(3,455,161)	9,905,295	(10,144,087)	623,000	(3,070,953)
Restricted fixed asset funds					
Restricted Fixed Asset Fund	25,752,783	392,523	(383,806)	-	25,761,500
Total Restricted funds	22,297,622	10,297,818	(10,527,893)	623,000	22,690,547
Total funds	22,849,066	10,355,345	(10,527,893)	623,000	23,299,518

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	26,792,091	26,792,091
Current assets	258,952	1,051,393	-	1,310,345
Creditors due within one year	-	(662,271)	-	(662,271)
Provisions for liabilities and charges	-	(5,447,000)	-	(5,447,000)
Total	258,952	(5,057,878)	26,792,091	21,993,165

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	25,701,694	25,701,694
Current assets	780,900	723,082	59,806	1,563,788
Creditors due within one year	(171,929)	(283,035)	-	(454,964)
Provisions for liabilities and charges	-	(3,511,000)	-	(3,511,000)
Total	608,971	(3,070,953)	25,761,500	23,299,518

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of financial activities)	171,647	(172,548)
Adjustments for:		
Depreciation	354,633	383,805
Defined benefit pension scheme finance cost	458,000	295,000
(Increase)/decrease in debtors	(44,152)	53,687
Increase in creditors	207,307	76,556
Net cash provided by operating activities	1,147,435	636,500

20. Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(1,445,030)	(1,036,316)
Net cash used in investing activities	(1,445,030)	(1,036,316)

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,028,984	1,326,579
Total cash and cash equivalents	1,028,984	1,326,579

22. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	54,277	-

The capital commitment relates to committed expenditure for the fire safety project at the trust.

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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

Contributions amounting to £86,562 were payable to the schemes at 31 August 2019 (2018 - £81,637) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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23. Pension commitments (continued)

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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £654,003 (2018 - £628,818).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £475,440 (2018 - £346,934), of which employer's contributions totalled £373,921 (2018 - £253,340) and employees' contributions totalled £ 101,520 (2018 - £93,594). The agreed contribution rates for future years are 12.3% per cent for employers and 5.5-7.5% per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.60	3.60
Rate of increase for pensions in payment/inflation	2.20	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.10	2.10

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	23.2	23.1
Females	26.4	26.3
<i>Retiring in 20 years</i>		
Males	25.4	25.3
Females	28.7	28.6

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	5,278,000	3,392,000
Inflation +0.1%	5,619,000	3,633,000
Pay growth +0.1%	5,474,000	3,533,000
Mortality assumption - 1 year increase	5,595,000	3,617,000

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

	At 31	At 31 August
	August 2019	2018
	£	£
Equities	1,400,000	1,180,000
Bonds	581,000	518,000
Property	131,000	116,000
Cash and other liquid assets	50,000	56,000
Other	631,000	453,000
Total market value of assets	2,793,000	2,323,000

The actual return on scheme assets was £93,000 (2018 - £109,000).

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

	2019	2018
	£	£
Current service cost	(526,000)	(546,000)
Past service cost	(200,000)	-
Interest income	70,000	49,000
Interest cost	(165,000)	(136,000)
Administrative expenses	(11,000)	(10,000)
Total amount recognised in the Statement of Financial Activities	(832,000)	(643,000)

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23. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	5,834,000	5,659,000
Current service cost	526,000	546,000
Interest cost	165,000	136,000
Employee contributions	102,000	94,000
Actuarial losses/(gains)	1,503,000	(562,000)
Benefits paid	(90,000)	(39,000)
Past service costs	200,000	-
At 31 August	8,240,000	5,834,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,323,000	1,820,000
Interest income	70,000	49,000
Actuarial gains	25,000	61,000
Employer contributions	374,000	348,000
Employee contributions	102,000	94,000
Benefits paid	(90,000)	(39,000)
Admin expenses	(11,000)	(10,000)
At 31 August	2,793,000	2,323,000

24. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	43,732	44,347
Later than 1 year and not later than 5 years	61,394	42,437
	105,126	86,784

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25. 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.

26. 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 a trustee 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.

During the year the Spouse of the Executive Principal was employed by the Trust as an Administrator and was remunerated £4,134.

During the year the Mother and Father of the Finance Director were employed by the Trust as Exam invigilators. They were remunerated £1,195 and £712 respectively.

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**NOTES TO THE FINANCIAL STATEMENTS
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27. Teaching School and Maths Hub Trading Account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Government Grants	815,044		783,398	
Other Income	26,243		-	
Total direct income	<u>841,287</u>		<u>783,398</u>	
Total income		841,287		783,398
Expenditure				
Direct expenditure				
Direct staff costs	130,769		81,862	
Other direct costs	643,409		563,060	
Total direct expenditure	<u>774,178</u>		<u>644,922</u>	
Other expenditure				
Other support costs	56,627		-	
Total expenditure		830,805		644,922
Surplus from all sources		10,482		138,476
Teaching school balances at 1 September 2018		314,644		176,168
Teaching school balances at 31 August 2019		<u><u>325,126</u></u>		<u><u>314,644</u></u>