

Penwortham Priory Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2016



Company Registration Number: 08133703 (England and Wales)

Annual Report and Financial Statements for the year ended 31st August 2016

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Reference and administrative details for the year ended 31st August 2016

Members	Mrs M.Beare Mr K Burke Mr D Hewitt
Trustees	Mrs M Beare Prof G Becket Mr K Bolton Mr K Burke Mr M Eastham Mrs L Gaffing Mr D Hewitt Mr A Jones Mr K Jones Mrs K Parekh Mr A Taylor Mr D Taylor Mrs K Thomson Miss K Thornton (appointed 18/07/2016) Mr A Watters (resigned 17/07/2016) Mr C Wood (resigned 28/06/2016)
Secretary	Miss S Howarth (appointed 09/12/2015) Mrs B Pownall (resigned 09/12/2015)
Senior Leadership Team	Mrs L Cowell Mrs D Crank Mr M Eastham Mr N Gee Mrs H Saint Ms H Young
Principal and Registered Office	Crows Hill Road Penwortham Preston PR1 0JE
Company Registration Number	08133703
Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW

Reference and administrative details(continued)

Bankers

Lloyds Bank
94 Fishergate
Preston
PR1 2JB

Solicitors

Forbes Solicitors
Ribchester House
Lancaster Road
Preston
Lancashire
PR1 2QL

Trustees' Report for the year ended 31st August 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from the 1st September 2015 to the 31st August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area local to the school.

1. Structure, Governance and Management

1.1 Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of Penwortham Priory Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Penwortham Priory Academy Trust. The Trustees also make up the Governing Body of the Academy and each Trustee is a Governor of the Academy.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 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.

1.3 Trustees' Indemnities

The Academy has purchased indemnity insurance to protect Governors and Officers from claims. The insurance provides cover of up to £2,000,000 (see note 10).

1.4 Method of Recruitment and Appointment or Election of Trustees

The Trustees make up the Governing Body of the Academy and each Trustee is a Governor of the Academy.

The Board of Governors consists of 17 Governors.

- (i) 6 Community Governors appointed by the Board of Governors
- (ii) 4 Parent Governors

Parent Governors are elected by the parents of registered pupils of the Academy and must themselves be parents of a pupil at the time of their election. When a vacancy occurs, every parent is informed of the vacancy and that he/she is entitled to stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

- (iii) 3 Co-opted Governors appointed by the Board of Governors
- (iv) 3 Staff Governors (2 Teaching and 1 Associate)

Staff Governors are elected by all staff under a contract of employment with the Academy. When a vacancy occurs, every member of staff is notified and may stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

Trustees' Report (continued)

(v) The Headteacher, ex officio

The term of appointment of Governors is generally for four years except for the Headteacher who holds their appointment for the term of their office. Also, if a Staff Governor leaves the employment of the Academy, they are deemed to have resigned from the Board of Governors.

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.

Newly appointed Governors are provided with recent minutes and other key documents prior to an induction session with the Headteacher and Chair of Governors. Training opportunities are discussed with the Clerk to the Governors.

1.6 Organisational Structure

The Academy is governed by its Governing Body, whose members are Directors of the Charitable Company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. The organisational structure of the Academy consists of 3 levels: the Governing Body, the Headteacher and the Senior Leadership Team.

The Governing Body is responsible for setting general policies, adopting a school development plan and budget, monitoring the school's performance, making major policy decisions and appointing senior staff. Certain elements of these responsibilities are delegated to the following sub-committees who make recommendations to the full Governing Body:

- Curriculum and Standards Committee
- Resources Committee

The Headteacher is also the Accounting Officer and has responsibility for ensuring that grant income is spent in line with the Funding Agreement.

The Senior Leadership Team comprises:

Headteacher	Matthew Eastham
Deputy Headteacher	Lisa Cowell
Assistant Headteacher	Donna Crank
Assistant Headteacher	Neil Gee
Assistant Headteacher	Heather Young
Strategic Business Development Manager	Helen Saint

1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Governing Body has adopted a whole school Pay Policy to provide a clear framework to exercise its powers in relation to the pay of individual members of staff. These powers will be exercised to take account of the specific needs of the school, in the light of flexibility inherent in the Teachers' Pay & Conditions Document.

The Governing Body has established a Pay Committee with clearly delegated responsibilities to exercise its functions in relation to this Pay Policy.

The remit of the Pay Committee is:

- To implement the school's pay policy including pay for individual members of staff.
- Following the annual appraisal/performance management process, to hear recommendations from appraisal reviewers and make decisions on salary progression for the Headteacher, deputy headteachers, assistant headteachers and any other teacher in School.
- To provide staff with an annual salary statement.

Trustees' Report (continued)

1.8 Related Parties and Other Connected Charities and Organisations

There are no connected organisations in the year. Related party transactions are disclosed in note 26 to the accounts.

2. Objectives and Activities

2.1 Objects and Aims

The principal object and activity of the Charitable Company is the operation of Penwortham Priory Academy to provide education for pupils of different abilities between the ages of 11 and 16. The Governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the Academy.

In accordance with the Articles of Association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the year ended 31st August 2016 are summarised below:

- to raise the standard of educational achievement of all pupils;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory requirements;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness;
- to continue initiatives to increase the number of pupils at the academy towards the targets set.

The principal long term objectives of the Academy are laid out in the Funding Agreement in addition to the points summarised above.

2.2 Objectives, Strategies and Activities

The objectives and associated actions from last year have been, or continue to be, addressed. We can summarise our strategy and activities as follows:

Activities continue to be focused around four key strategic aims, which feed into a central theme of increasing the pupil roll:

1. Learning and Teaching
2. Stakeholders – Community and Primary
3. Reputation – Pastoral and Academic
4. Funding

2.3 Public Benefit

Governors (Trustees) are confident that Penwortham Priory Academy has complied with its requirements for the public benefit of secondary education for all its pupils. This can be demonstrated by not only the good examination results but also by the very high numbers of pupils who move on to further education. Additionally, and of equal significance, the school has now had 7 years with no NEETS which is a testimony to the individualised nature of the curriculum offered to all its pupils.

Trustees' Report (continued)

In relation to the community, the school has extensive links with a variety of partners ranging from our partner primary schools, further education colleges, business and community groups, and the academy is the sole premier partner with BAE Systems. The school actively encourages their involvement in the curriculum of the school as well as the use of its facilities by and for the community beyond the school day. As a dual use site we are also intrinsically linked with South Ribble Borough Council for a range of sporting activities.

Our engagement with the community demonstrates our commitment to:

- Education
- Community cohesion
- Provision of services for the community
- Extended use of buildings and premises

Strategic report

3. Achievements and Performance

GCSE Results Summary

Pupils at Priory have continued to build on the successes of previous years and produced some impressive GCSE results.

All our headline figures improved further from last year and there was an upward trend across almost all other subject areas:

- 75% of pupils achieved an A*-C in English – up by 4% from last year.
- 11% of these, gained either an A* or A grade.
- 68% of pupils achieved an A*-C in Maths – up by 3% from last year.
- 11% of these, gained either an A* or A grade.
- 100% of pupils who took the further Maths course got an A*-C.
- 63% of pupils got an A*-C in Maths and English, up by 6% from last year.
- 67% of pupils achieved an A*-C in a Science.
- Our progress 8 score was -0.08.
- 68% of pupils achieved 5 or more A*-C grades
- 63% of pupils achieved 5 or more A*-C grades including English and Maths
- The separate sciences achieved great results with 100% of pupils achieving A*-C in Biology, 100% in Chemistry and 88% achieving A*-C in Physics.
- Results in other subject areas continue to be excellent. Most notably, of those pupils that took Astronomy, ICT, Urdu and Music, 100% achieved an A*-C grade.
- The A*-C pass rate was also particularly good in subjects like Art and Design at 84%, Food Tech at 70%, Resistant Materials at 75% and RE at 80%.

As ever, there have been some particularly notable individual performances, many of whom have achieved A*'s and A's across a range of academic subjects.

This highlights that the academically able pupils who make Priory their choice of secondary school are individually pushed to achieve their potential and Priory continues to be a school where pupils thrive and succeed.

We continue to be proud to be able to provide the best possible opportunities, facilities and care for our pupils to excel in all areas.

Trustees' Report (continued)

The staff, pupils, parents and members of our local community who have been involved with the school over the course of this last academic year have shown dedication, commitment and hard work, but more importantly, a willingness to evolve.

They have ensured our class of 2016 leave Priory with not only results which will help them as individuals on the next stage of their learning journey, but equally with rich and meaningful experiences that are sure to help them in what will be their exciting and bright futures.

3.1 Key Performance Indicators

The Academy Trust complies with all the terms and conditions of its Funding Agreement with the DfE.

Financial performance is measured using a series of control and monitoring systems and procedures as follows:

1. Budget planning
2. Budget monitoring and reporting
3. Income generation targets
4. Regular review of staffing needs and structures
5. Review of best value of supplies and services

3.2 Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies note of the financial statements (note 1).

4. Financial Review

4.1 Operating and Financial Review

The majority of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2016, total expenditure was covered by recurrent grant funding from the DfE together with other incoming resources. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

4.2 Reserves Policy

Penwortham Priory Academy has produced budgets that are sustainable and allowed for a reserve to be built during the year to 31st August 2016 in order to safeguard against future budget income reductions. The value of this reserve is including in the Statement of Financial Activities.

Trustees' Report (continued)

4.3 Investment Policy

Any significant unrestricted reserves are placed on deposit for a period that the Academy deems will maintain sufficient operating liquidity.

4.4 Principal Risks and Uncertainties

The main risk to the academy for the immediate future is how it responds to and plans for the continued economic uncertainty and the effect of further education funding reforms and the low birth rate in the area of South Ribble.

4.5 Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, public profile, health and safety, school trips, child protection, finances, staffing issues and Governors. These risks are reviewed on an annual basis by the Governing Body and the Senior Leadership Team.

The internal financial systems are based on the Academies Financial Handbook and are documented in the financial procedures. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to the Governors monthly.

The responsible officer role has been performed during the period 1st September 2015 to 31st August 2016 and these reports have been presented to the Governing Body. No major issues have been identified.

4.6 Financial and Risk Management Objectives and Policies

The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's systems of internal control ensure risk is minimal in these areas. The Local Government Pension Scheme deficit is a risk to be monitored and details of the deficit are given in the financial statements.

5. Plans for Future Periods

Plans for the period from 1st September 2016 include the growth of the capital reserve to enable further refurbishment of buildings and development of infrastructure during 2016-2017. Ongoing aims are to continue responsible financial management that provides opportunities to further the educational aims of the Academy.

6. Funds held as Custodian Trustee on behalf of others

There are no funds held as custodian trustee on behalf of others.

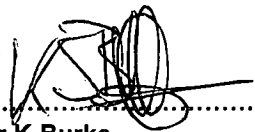
Trustees' Report (continued)

7. Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 28 November 2016..... and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'K Burke', written over a dotted line.

Mr K Burke
Chair of Trustees

8. Governance Statement for the year ended 31st August 2016

8.1 Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Penwortham Priory Academy 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.

8.2 Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:-

Governor	Meetings attended	Out of a possible
M. Beare	3	3
G. Becket	3	3
K. Bolton	3	3
K. Burke	3	3
M. Eastham (Headteacher and accounting officer)	3	3
L. Gaffing	3	3
A. Jones	1	3
K. Jones	1	3
K. Parekh	2	3
A. Taylor	3	3
D. Taylor	3	3
K. Thomson	3	3
A. Watters	1	3
C. Wood	1	3

The Resources committee is a sub-committee of the main board of Governors. Its purpose is financial policy and planning, financial monitoring, premises, and staffing. Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
K. Bolton	3	4
K. Burke	4	4
M. Eastham (Headteacher and accounting officer)	4	4
K. Jones	0	2
K. Thomson	4	4
C. Wood	1	4

The Curriculum and Standards committee is a sub-committee of the main board of Governors. Its purpose is to monitor the strategic school improvement plan (learning and teaching) and the strategic improvement plan (reputation and stakeholders). Attendance at meetings in the year was as follows:

Governance Statement (continued)

Governor	Meetings attended	Out of a possible
M. Beare	2	3
G. Becket	3	3
M. Eastham (Headteacher and accounting officer)	2	3
L. Gaffing	3	3
A. Jones	3	3
K. Parekh	2	3
A. Taylor	2	3
D. Taylor	3	3
A. Watters	2	3

8.3 Review of Value for Money

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

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

Set out below are brief examples of how the Academy Trust has secured good value for money during the academic year. Whilst the examples are by no means an exhaustive list, they provide evidence of the effective use of the school's resources both physically and financially:

Key Aspects of 2015 - 2016

- Increased pupil roll
- A continued unrelenting focus on Learning and Teaching
- A focus on staffing:
 - Further development of the extended leadership staff in school
 - Embedding the support staff restructure
 - Teaching staff restructures including SLT intern posts and Lead teachers in department areas.
 - Continued succession planning allowing for opportunity for staff development
- Increased engagement with our partner primaries – both pupil and parents
- Improved reputation within the community aided by a more focused publicity/media presence/accolades
- A curriculum we can afford and a timetable and staffing to deliver that curriculum
- Best use of INSET time – increasing collaboration and communication
- Low exclusion rate
- Increased positive feedback on the school
- Better working relationship with governors – more governor involvement in the life of the school and the development of a specific Governor Improvement Plan.
- Clear strategic direction for the school
- Better structures, procedures and policies in place
- Growth of partnerships and more positive relationships with external agencies:
 - Colleges
 - Primaries
 - Universities
 - Employers
 - Other headteachers
 - Teaching Schools
 - PRU's (Pupil Referral Units)
 - Pupils access
- Stronger financial position than most
- Improved and more thorough self-evaluation of all areas and subsequent improvement planning

Governance Statement (continued)

Sustained Educational Results

Pupils at Priory have continued to build on the successes of previous years and produced some impressive GCSE results.

All our headline figures improved further from last year and there was an upward trend across almost all other subject areas (see page 7).

Our approach of increasing transparency of results and practice across all subject areas has helped to develop people's capacity to achieve improved results both now and in the future, through capacity building (helping people with the skills) and collaborative effort within, across and beyond our extended leadership. Having liaised with the extended leadership group (SLT & Subject leaders) we are in a position where we are all prepared to be open and honest about these results and about practice (accountability). We therefore continue to discuss these results collaboratively, with transparency, in a non-judgmental way by offering feedback, primarily for development, with each other. Operating in such a way has allowed us to grow in a culture of high expectations and support.

Strategic Planning

As leaders, we continue at the start of this academic year to focus on the strategic direction of the school, the detail of which can be found in our 'Welcome to Governance' folders. Through this year's subcommittee meetings, ongoing work and discussions with SLT, as well as the headteacher and SLT reports, it will be clear to governors as to how we are continuing to drive forward the improvement agenda with determination in relation to our school priorities. Systems are now fully in place which allow governors to focus on their strategic responsibilities, school improvement and the outcomes for our young people. The systems we have worked hard on over recent months, finally clarify their accountabilities and responsibilities as a governing body and ensure they have the tools to allow them to focus ever more strongly on their 3 core strategic functions:

1. Setting vision, ethos and strategic direction
2. Holding the Headteacher to account for the educational performance of the school and its pupils
3. Overseeing the financial performance of the school and making sure its money is well spent.

Our document that brings all this strategic work together, a 'Strategic Plan on a Page' that all staff and governors can make easy reference to, is now fully incorporated across all aspects of the school and its operations. We regularly RAG rate the various aspects to indicate where we are and what we need to focus on as we go forward. The structure of our strategic planning continues to be based on 4 strategic priorities for Priory that we believe will feed into the central theme of increasing the pupil roll:

- Learning & teaching
- Reputation – both pastoral and academic
- Stakeholders – community & primary liaison
- Resources

Targeted Intervention

Interventions to address those year 11 pupils underachieving in the core subjects of English, Maths and Science are under way for this academic year and this now takes place for all option subjects too. Our raising attainment agenda is based around the 3 principles of:

- Diagnosis
- Intervention
- Testing

The key focus remains at classroom teacher level to monitor individual class performance. Extra classes are delivered after school for specific pupils but this is targeted intervention for those pupils specifically identified.

Learning walks take place in all departments and of all teaching staff. Necessary interventions and support programmes are put in place for specific staff and the outcomes and impact of these interventions recorded.

Governance Statement (continued)

All departments are required to produce a department self-evaluation plan and a department improvement plan for the coming year which the SLT collates and actively monitors. SLT have also produced our overall school self-evaluation and improvement plan.

Individual students' intervention

All students in all years are monitored individually in all subjects with a particular focus on the core subjects. Their target grades are constantly referenced to their predicted grades and individual flight path using the Sims tracking system and where necessary intervention strategies such as 1:1 work, after school sessions, lunchtime revision and parental involvement are all used. For the most able mathematicians, a member of the Maths staff delivered the further maths course to challenge the most able. Such interventions are deemed to be both an effective and efficient use of staff resources.

Our Able, Gifted and Talented pupils (Sparks) continue to work with Runshaw College on their Horizon Gifted and Talented Programme. All subjects have identified pupils to attend these events and this runs for the next academic year.

Collaboration

As a school we continue to collaborate with a wide variety of stakeholders which has resulted in the following: We continue to be an active member of the South Ribble Learning Federation with subject staff participating in all curriculum groups that operate.

Identified departments have been involved with more targeted collaborative work with 3 other secondary schools known as our 'family of schools'. This focus has been on leadership, curriculum and learning and teaching.

We are an active member of a local teaching school alliance.

New initiatives

As an innovative and forward thinking school, we are constantly looking at ways to improve the opportunities and experiences of pupils. Twilight meetings continue to take place on a Wednesday after school each week and involve all staff. These have been predominantly focussed on collaborative planning where the majority of the meeting is given to the planning of lessons. This is to ensure that staff are working together to enhance the quality of lessons, think about strategies to employ and talk about teaching and learning, keeping it at the forefront of what we do. This approach continues to have a significant impact on the quality of the lessons being observed.

We now hold raising attainment breakfast meetings with all members of our SLT which are proving successful in supporting the work associated with our diagnosis and intervention format.

Our successful bid for the renovation of the Science learning spaces led us to bid to the EFA for our roofs and windows to be refurbished and work has started on this with completion due early in the new year. We hope our current bid to completely redevelop our old ROSLA block will be successful in this round.

Staffing

We have appointed the following positions due to staff retirement and staff moving on:

- Teacher of Humanities - geography
- Teacher of Maths and KS3 coordinator
- Teacher of Science
- Teacher of English
- Teacher of Technology
- KS3 coordinator for English (internal appointment)
- Lead teachers in Geography, Music, Drama, History and food tech (internal appointments).

Governance Statement (continued)

Administrative Support Structure

The process of reviewing the Administrative Support Structure of the academy to ensure that there are arrangements in place to reduce any future risk and to ensure the academy runs as professionally as possible on a day by day basis is now complete. All positions are now filled.

Financial Governance and Oversight

Regular and detailed auditing linked to clear and precise oversight by Governors provides a strong and clear system of financial governance. Termly financial reports are provided for Governors which are scrutinised carefully and precisely to ensure value for money. Governors constantly challenge the school to provide evidence of rigour in their purchasing strategies particularly in relation to the re-negotiation of any service level agreements or contracts and tendering procedures. Savings continue to be made in these areas. Equally, internal school procedures within the leadership team provide the checks and balances necessary to ensure sound financial decisions are taken when considering against educational and curriculum need.

Maximising income generation

With such an extensive site, opportunities to generate additional income are continually reviewed although the contractual relationship with South Ribble Borough Council continues to restrict many opportunities to generate income from our extensive sports facilities. However, the school continues to increase the funds from income generation activities at no detriment to the educational opportunities of students.

As a school we continue to link with the community and other stakeholders. We continue to support a range of out of hour's community use to ensure more of our local community 'get into' Priory and some of these links make a financial contribution to the school. These include:-

- Fitness with Heather Singleton
- Zumba with Louise Ross
- Cake Decorating with Rachel Whittingham, who is also a parent
- Karate (Penwortham Shotokan Karate Club) with David Prout
- Slimming World with Steph Morrison
- Ashton All Stars with Zyg Kulbacki
- Pauline Quirk Academy with Aimee Membery
- Longton Community Church on Sunday's and during the evenings
- Penwortham Town FC

We continue to be an official satellite academy school for Everton Football Club. This means Everton run an academy training night here on our astro turf for pupils of all ages to attend on invitation and is a stepping stone to young talent in the Penwortham area being asked to go and train at Finch Farm, Everton's official training complex.

Systems, processes and controls have all been externally evaluated and considered to be of the highest order and in no need of amendment.

8.4 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 the Academy Trust's 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 Penwortham Priory Academy Trust for the period from the 1st September 2015 to the 31st August 2016 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

8.5 Capacity to Handle Risk

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 the Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Penwortham Priory Academy Trust for the period from the 1st September 2015 to the 31st August 2016 and up to the date of approval of the annual report and financial statements.

8.6 The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- regular reviews by the Finance and Property 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, and;
- identification and management of risks.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Julie Cottam, LCC Auditor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the trustees, through the Finance Committee on the operation of the systems of control and on the discharge of the trustees financial responsibilities. The RO function has been fully delivered in line with the EFA's requirements and no material control issues arose as a result of the RO's work.

Governance Statement (continued)

8.7 Review of Effectiveness

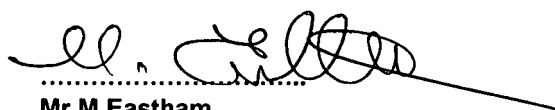
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the Board;
- the Audit Committee (where applicable);
- the risk committee/risk managers/risk improvement manager (where applicable);
- the independent risk review function (eg. Responsible Officer);
- external audit;
- other explicit review/assurance mechanisms.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 28 November 2016 and signed on its behalf by:


.....
Mr K Burke
Chair of Trustees

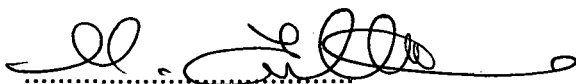

.....
Mr M Eastham
Accounting Officer

Statement on Regularity, Propriety and Compliance for the year ended 31st August 2016

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

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

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



Mr M Eastham
Accounting Officer

Date: 05/12/16

Statement of Trustees' Responsibilities for the year ended 31st August 2016

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the trustees are aware:

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

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 28 November 2016 and signed on its behalf by:



Mr K Burke
Chair of Trustees

Independent Auditor's Report to the Members of Penwortham Priory Academy Trust for the year ended 31st August 2016

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

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees (who are also the directors of the Academy 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

(Continued)

Independent Auditor's Report to the Members of Penwortham Priory Academy Trust for the year ended 31st August 2016 (continued)

Matters on which we are required to report by exception

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

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



Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 20-12-16

Independent Reporting Accountant's Assurance Report on Regularity to Penwortham Priory Academy Trust and the Education Funding Agency for the year ended 31st August 2016

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

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

Respective responsibilities of Penwortham Priory Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Penwortham Priory Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1st September 2015 to the 31st August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2015 to 2016 issued by EFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

Independent Reporting Accountant's Assurance Report on Regularity to Penwortham Priory Academy Trust and the Education Funding Agency for the year ended 31st August 2016 (continued)

Conclusion

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



Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 20-12-16

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31st August 2016

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	-	167	1,005	1,172	729
Charitable activities:						
Funding for the Academy Trust's educational operations	5	-	3,342	-	3,342	3,585
Other trading activities	3	204	-	-	204	173
Investments	4	1	-	-	1	1
Total		205	3,509	1,005	4,719	4,488
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy trust's educational operations	6,7	203	3,630	65	3,898	3,972
Other		-	-	-	-	-
Total		203	3,630	65	3,898	3,972
Net income/(expenditure)		2	(121)	940	821	516
Transfers between funds	15	-	85	(85)	-	-
Other recognised gains/(losses)						
Actuarial (losses) on defined benefit pension schemes	15 25	-	(622)	-	(622)	(41)
Net movement in funds		2	(658)	855	199	475
Funds brought forward at 1 st September 2015	15	193	(458)	6,564	6,299	5,824
Total funds carried forward at 31st August 2016		195	(1,116)	7,419	6,498	6,299

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

Balance Sheet as at 31st August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		6,574		6,564
Current assets					
Debtors	12	194		225	
Cash at bank and in hand	22	1,440		575	
		<u>1,634</u>		<u>800</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(281)</u>		<u>(310)</u>	
Net current assets			<u>1,353</u>		<u>490</u>
Total assets less current liabilities			<u>7,927</u>		<u>7,054</u>
Creditors: Amounts falling due after more than one year	14		(102)		(103)
Net assets excluding pension liability			<u>7,825</u>		<u>6,951</u>
Defined benefit pension scheme liability	25		(1,327)		(652)
Net assets including pension liability			<u>6,498</u>		<u>6,299</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	15	7,419		6,564	
General fund	15	211		194	
Pension reserve	15	<u>(1,327)</u>		<u>(652)</u>	
Total restricted funds			<u>6,303</u>		<u>6,106</u>
Unrestricted income funds	15	195		193	
			<u>195</u>		<u>193</u>
Total funds			<u>6,498</u>		<u>6,299</u>

The financial statements on pages 24 to 48 were approved by the trustees, and authorised for issue on 28 November 2016 and are signed on their behalf by:



Mr K Burke
Chair of Trustees

Company Limited by Guarantee
Registration Number: 08133703

Statement of Cash Flows for the year ended 31st August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(66)	281
Cash flows from investing activities	21	931	(171)
Cash flows from financing activities	20	-	(19)
Change in cash and cash equivalents in the reporting period		<u>865</u>	<u>91</u>
Cash and cash equivalents at 1st September 2015		575	484
Cash and cash equivalents at 31st August 2016	22	<u>1,440</u>	<u>575</u>

Notes to the Financial Statements for the year ended 31st August 2016

1 Statement of accounting policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

First time adoption of FRS 102

These financial statements are the first financial statements of Penwortham Priory Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Penwortham Priory Academy Trust for the year ended 31st August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

Going Concern

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

Income

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

- **Grants receivable**

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 period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Notes to the Financial Statements for the year ended 31st August 2016

1 Statement of accounting policies (continued)

Income (continued)

Grants receivable (continued)

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

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

Expenditure

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

- **Expenditure on raising funds**

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

Notes to the Financial Statements for the year ended 31st August 2016

1 Statement of accounting policies (continued)

Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £3,000 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 restrictions 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	Over 125 years' straight line
Fixtures, fittings and equipment	Over 3 years' straight line
Computer hardware	Over 3 years' straight line
Motor Vehicles	Over 5 years' straight line

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

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

Notes to the Financial Statements for the year ended 31st August 2016

1 Statement of accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased Assets

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

Taxation

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

Notes to the Financial Statements for the year ended 31st August 2016

1 Statement of accounting policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

Notes to the Financial Statements for the year ended 31st August 2016

1 Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 31st March 2013 has been used by the actuary in valuing the pensions liability at 31st August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements for the year ended 31st August 2016

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	1,005	1,005	627
Trips and other non-public funds	-	66	66	76
iPad donations	-	93	93	26
Other donations	-	8	8	-
	<u>-</u>	<u>1,172</u>	<u>1,172</u>	<u>729</u>

Income from donations and capital grants was £1,172,000 (2015 - £729,000) of which £nil (2015 - £nil) was attributable to unrestricted funds, £167,000 (2015 - £102,000) was attributable to restricted general funds and £1,005,000 (2015 - £627,000) was attributable to restricted fixed asset funds.

£1,005,000 (2015 - £627,000) of government grants were received for capital and maintenance works.

3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	36	-	36	37
Catering income	89	-	89	71
Sale of educational goods and services	37	-	37	25
Dual use agreement cost reimbursement	36	-	36	36
Music tuition	6	-	6	4
	<u>204</u>	<u>-</u>	<u>204</u>	<u>173</u>

Income from other trading activities was £204,000 (2015 - £173,000) of which £204,000 (2015 - £173,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Investment income was £1,000 (2015 - £1,000) of which £1,000 (2015 - £1,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

Notes to the Financial Statements for the year ended 31st August 2016

5 Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	3,143	3,143	3,381
Other DfE/EFA grants	-	168	168	177
	<u>-</u>	<u>3,311</u>	<u>3,311</u>	<u>3,558</u>
Other Government grants				
Local Authority grants	-	31	31	27
	<u>-</u>	<u>31</u>	<u>31</u>	<u>27</u>
Other income from the Academy Trust's educational operations	-	-	-	-
	<u>-</u>	<u>3,342</u>	<u>3,342</u>	<u>3,585</u>

Funding for Academy Trust's educational operations was £3,342,000 (2015 - £3,585,000) of which £nil (2015 - £nil) was attributable to unrestricted funds, £3,342,000 (2015 - £3,585,000) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

£3,342,000 (2015 - £3,585,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

Notes to the Financial Statements for the year ended 31st August 2016

6 Expenditure

	Non Pay Expenditure				
	Staff Costs £000	Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	-	-	-
Academy Trust's educational operations					
Direct costs	2,343	108	443	2,894	2,960
Allocated support costs	459	410	135	1,004	1,012
	<u>2,802</u>	<u>518</u>	<u>578</u>	<u>3,898</u>	<u>3,972</u>

£203,000 (2015 - £171,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £3,630,000 (2015 - £3,739,000) was attributable to restricted general funds and £65,000 (2015 - £62,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2016 £000	2015 £000
Operating lease rentals	20	70
Depreciation	65	62
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	-	-
Fees payable to the auditor for:		
Audit	3	3
Other services	7	8
	<u>95</u>	<u>143</u>

No transactions have taken place under Section 3.1.7 and 3.1.8 of the 2015 Academies Financial Handbook which require additional disclosure.

Notes to the Financial Statements for the year ended 31st August 2016

7 Charitable activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	2,894	2,960
Support costs – educational operations	1,004	1,012
	3,898	3,972

Analysis of support costs	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	459	459	401
Depreciation	3	3	3
Premises costs	407	407	490
Other support costs	123	123	105
Governance costs	12	12	13
Total support costs	1,004	1,004	1,012

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

Notes to the Financial Statements for the year ended 31st August 2016

8 Staff

(a) Staff costs

	2016	2015
	£000	£000
Staff costs during the period were:		
Wages and salaries	2,174	2,185
Social security costs	175	161
Operating costs of defined benefit pension schemes	408	351
	<u>2,757</u>	<u>2,697</u>
Supply staff costs	45	45
Staff restructuring costs	-	-
	<u>2,802</u>	<u>2,742</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

(b) Staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £nil (2015: £nil).

(c) Staff numbers

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

	2016	2016	2015	2015
	Number	Full-time equivalent	Number	Full-time equivalent
Teachers	36	32	35	33
Administration and support	44	30	41	29
Management	6	6	6	6
	<u>86</u>	<u>68</u>	<u>82</u>	<u>68</u>

Notes to the Financial Statements for the year ended 31st August 2016

8 Staff (continued)

(d) Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

(e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £385,000 (2015: £369,000).

9 Related party transactions - Trustees' remuneration and expenses

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

Mr M Eastham (Head teacher and trustee):

Remuneration	£70,000 - £75,000	(2015: £65,000 - £70,000)
Employers' pension contributions	£10,000 - £15,000	(2015: £5,000 - £10,000)

Mr K Bolton (staff trustee):

Remuneration	£30,000 - £35,000	(2015: £30,000 - £35,000)
Employers' pension contributions	£0 - £5,000	(2015: £0 - £5,000)

Mr A Taylor (staff trustee):

Remuneration	£35,000 - £40,000	(2015: £35,000 - £40,000)
Employers' pension contributions	£5,000 - £10,000	(2015: £5,000 - £10,000)

Mr A Watters (staff trustee):

Remuneration	£40,000 - £45,000	(2015: £40,000 - £45,000)
Employers' pension contributions	£0 - £5,000	(2015: £nil)

During the year ended 31st August 2016, no travel and subsistence expenses were reimbursed or paid directly to trustees (2015: £nil).

Other related party transactions involving the trustees are set out in note 26.

Notes to the Financial Statements for the year ended 31st August 2016

10 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £2,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
Cost					
At 1 st September 2015	6,678	-	18	14	6,710
Additions	62	7	-	6	75
Disposals	-	-	-	-	-
At 31 st August 2016	6,740	7	18	20	6,785
Depreciation					
At 1 st September 2015	133	-	10	3	146
Charged in period	54	2	6	3	65
Disposals	-	-	-	-	-
At 31 st August 2016	187	2	16	6	211
Net book values					
At 31 st August 2015	6,545	-	8	11	6,564
At 31 st August 2016	6,553	5	2	14	6,574

12 Debtors

	2016 £000	2015 £000
Trade debtors	91	93
Provision for bad debts with respect to iPad donations	(35)	(36)
VAT recoverable	72	106
Other debtors	39	25
Prepayments and accrued income	27	37
	194	225

Notes to the Financial Statements for the year ended 31st August 2016

13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	28	37
Other taxation and social security	56	46
Other creditors	82	76
Accruals and deferred income	115	151
	<u>281</u>	<u>310</u>

14 Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Other creditors	102	103
	<u>102</u>	<u>103</u>

Other creditors relates to a loan received to fund energy efficient projects in the school funded via the EFA Salix scheme with no interest charged on the balance outstanding. The cost of repaying the loan will be offset by the energy cost savings resulting from the works carried out. Loan repayments are made in September and March of each year for the life of the loan.

The total repayable after more than five years is £17,000.

Notes to the Financial Statements for the year ended 31st August 2016

15 Funds

	Balance at 1 st September 2015 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	194	3,142	(3,223)	85	198
Pupil premium	-	156	(156)	-	-
Other DfE/EFA grants	-	13	(13)	-	-
Local Authority grants	-	31	(31)	-	-
Other restricted funds	-	167	(154)	-	13
Pension reserve	(652)	-	(53)	(622)	(1,327)
	(458)	3,509	(3,630)	(537)	(1,116)
Restricted fixed asset funds					
DfE/EFA capital grants	-	1,005	-	(160)	845
Capitalised assets post conversion	1,871	-	(27)	75	1,919
Assets on conversion	4,693	-	(38)	-	4,655
	6,564	1,005	(65)	(85)	7,419
Total restricted funds	6,106	4,514	(3,695)	(622)	6,303
Total unrestricted funds	193	205	(203)	-	195
Total funds	6,299	4,719	(3,898)	(622)	6,498

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2016. At the period end the carry forward of GAG funding was £198,000.

Other DfE/EFA grants includes monies received outside of GAG funding for example the Pupil Premium. These funds have been spent in full by the 31st August 2016.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. As at the 31st August 2016 all of these funds had been spent in full.

Other restricted funds include monies from trips & non public funds and from iPad donations. As at the year end, the carry forward on these funds was £13,000.

The pension reserve represents the value of the academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit had increased to £1,327,000 at the 31st August 2016.

DfE/EFA capital grants represent capital monies received during the period from the EFA, predominantly from the Capital Improvement Fund. As at the 31st August 2016 the carry forward of all of these funds was £845,000.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1.

Notes to the Financial Statements for the year ended 31st August 2016

15 Funds (continued)

Assets on conversion represent the transfer of leasehold assets, valued at £4,802,000 per the EFA building valuation carried out in 2013, into the Academy on conversion to academy status depreciated over a 125 year period.

Unrestricted funds represents funds generated via activities such as from lettings and bank interest receivable. This fund also includes the remaining balance of the surplus on conversion to academy status in 2012. The surplus on this fund at the period end was £195,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy.

16 Analysis of net assets between funds

Fund balances at 31st August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	6,574	6,574
Current assets	195	594	845	1,634
Current liabilities	-	(281)	-	(281)
Non-current liabilities	-	(102)	-	(102)
Pension scheme liability	-	(1,327)	-	(1,327)
Total net assets/(liabilities)	195	(1,116)	7,419	6,498

17 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	845	-

18 Commitments under operating leases

Operating leases

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

	2016 £000	2015 £000
Amounts due within one year	10	29
Amounts due between one and five years	-	11
Amounts due after five years	-	-
	10	40

Notes to the Financial Statements for the year ended 31st August 2016

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

	2016	2015
	£000	£000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	821	516
Adjusted for:		
Depreciation (note 11)	65	62
Capital grants from DfE and other capital income	(1,005)	(627)
Interest receivable (note 4)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 25)	28	20
Defined benefit pension scheme finance cost (note 25)	25	21
decrease in debtors	31	195
(decrease)/Increase in creditors	(30)	95
Net cash (used in)/provided by operating activities	(66)	281

20 Cash flows from financing activities

	2016	2015
	£000	£000
Repayments of borrowing	(19)	(19)
Cash inflows from borrowing	19	-
Net cash provided by/(used in) financing activities	-	(19)

21 Cash flows from investing activities

	2016	2015
	£000	£000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(75)	(799)
Capital grants from DfE/EFA	1,005	627
Net cash provided by/(used in) investing activities	931	(171)

22 Analysis of cash and cash equivalents

	2016	2015
	£000	£000
Cash at bank and in hand	1,440	575
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,440	575

Notes to the Financial Statements for the year ended 31st August 2016

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

24 Members' Liability

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

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31st March 2012 and of the LGPS 31st March 2013.

Contributions amounting to £46,910 (2015: £40,196) were payable to the schemes at 31st August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

Notes to the Financial Statements for the year ended 31st August 2016

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial valuation of the TPS was carried out as at 31st 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 9th 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; and
- 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%.

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

The pension costs paid to TPS in the period amounted to £244,000 (2015: £198,000).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31st August 2016 was £150,000 (2015: £134,000), of which employer's contributions totalled £112,000 (2015: £100,000), and employees' contributions totalled £38,000 (2015: £34,000). The agreed contribution rates for future years are 14.8% for employers and the rate for employees remains dependent on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Notes to the Financial Statements for the year ended 31st August 2016

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31st August 2016	At 31st August 2015
Rate of increase in salaries	3.4%	3.8%
Rate of increase for pensions in payment / inflation	1.9%	2.3%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	2.0%	2.3%
Commutation of pensions to lump sums	50%	50%

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

	At 31st August 2016	At 31st August 2015
<i>Retiring today</i>		
Males	23	22.9
Females	25.6	25.4
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.9	27.8

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

	Fair value at 31st August 2016	Fair value at 31st August 2015
Equity instruments	636	409
Government Bonds	-	65
Other Bonds	41	31
Cash	58	15
Other	756	560
Property	157	108
Total market value of assets	1,648	1,188

The actual return on scheme assets was £3,000 (2015: £45,000).

Notes to the Financial Statements for the year ended 31st August 2016

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	137	118
Net interest cost	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	137	118

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

	2016 £000	2015 £000
At 1st September	1,840	1,587
Current service cost	137	118
Past service cost	-	-
Interest cost	75	64
Employee contributions	38	34
Actuarial loss	887	43
Benefits paid	(2)	(6)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31st August	2,975	1,840

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

	2016 £000	2015 £000
At 1st September	1,188	1,017
Interest income	50	43
Assets distributed on settlements	-	-
Actuarial gain	265	2
Employer contributions	111	100
Employee contributions	38	34
Benefits paid	(2)	(6)
Administration expenses	(2)	(2)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31st August	1,648	1,188

Notes to the Financial Statements for the year ended 31st August 2016

26 Related Party Transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

27 Explanation of transition to FRS102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1st September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net income / expenditure	31 st August 2015 £000
Net income / expenditure previously reported under UK GAAP	535
Change in recognition of LGPS interest cost	(19)
Employee benefits accrual	-
Net movement in income / expenditure reported under FRS102	<u>516</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1st September 2014 or 31st August 2015. The effect of the change has been to increase the debit expense by £19,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. A small number of employees are entitled to carry forward unused holiday entitlement at the reporting date. The expense in relation to this is wholly immaterial and therefore no retrospective adjustment has been made in the accounts at 31st August 2016.