

Penwortham Priory Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2017



Company Registration Number: 08133703 (England and Wales)

Penwortham Priory Academy Trust
Annual Report and Financial Statements
Year Ended 31st August 2017

Contents

	Page
Reference and Administrative Details	2
Trustees' Report	4
Governance Statement	11
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditor's Report to the Members	22
Independent Reporting Accountant's Assurance Report on Regularity	25
Statement of Financial Activities incorporating Income & Expenditure Account	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements, incorporating: Accounting Policies Other Notes to the Financial Statements	30

Penwortham Priory Academy Trust

Reference and Administrative Details

Year Ended 31st August 2017

Members

Mrs M Beare (retired 05/06/2017)
Prof G Becket (appointed as Vice Chair of
Governors / Member 29/11/2016)
Mr K Burke
Mr D Hewitt (Independent Member)

Trustees

Mrs C Barker (appointed 26/09/2016)
Mrs M Beare (retired 05/06/2017)
Prof G Becket
Mr K Bolton (retired 09/11/2016)
Mr K Burke (Chairman)
Mr M Eastham (Headteacher)
Mrs L Gaffing
Mrs G Herd (appointed 28/03/2017)
Mr D Hewitt (retired 16/12/2016)
Mr A Jones (retired 06/10/2016)
Mr K Jones (retired 23/09/2016)
Mrs K Parekh
Mr A Taylor
Mr D Taylor
Mrs K Thomson (retired 14/02/17)
Miss K Thornton
Mrs M Turner (appointed 28/03/2017)
Ms A Vohra (appointed 28/03/2017)

Secretary

Mrs S Spencer

Senior Leadership Team (SLT)

Mrs C Barker (appointed 01/04/2017)
Mrs L Cowell
Mrs D Crank
Mr M Eastham
Mr N Gee
Mrs H Saint (retired 31/03/2017)
Ms H Young

Principal and Registered Office

Crows Hill Road
Penwortham
Preston
PR1 0JE

Company Registration Number

08133703

Penwortham Priory Academy Trust

Reference and Administrative Details

Year Ended 31st August 2017

Independent Auditor

CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Bankers

Lloyds Bank
94 Fishergate
Preston
PR1 2JB

Solicitors

Forbes Solicitors
Ribchester House
Lancaster Road
Preston
PR1 2QL

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

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 2016 to 31st August 2017. 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.

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 £10,000,000 (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 12 Governors.

- (i) 3 Community Governors appointed by the Board of Governors (2 vacancies)
- (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) 1 Co-opted Governor appointed by the Board of Governors (2 vacancies)
- (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.

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

- (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 Trustees 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	Cheryl Barker

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 headteacher, assistant headteachers and any other teacher in School.

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

- c) To provide staff with an annual salary statement.

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 2017 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 several years with no "Not in Education, Employment, or Training" (NEETS) which is a testimony to the individualised nature of the curriculum offered to all its pupils.

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

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

As a school, we have continued to do well in our results this year. Not only have we maintained some of the great results we achieved last year, particularly in the core subjects of English and Maths, but in the vast majority of other subjects, our A*-C grades have continued to improve as well.

This is particularly pleasing in a year where GCSE grades are more volatile, exams are the hardest they have ever been for a number of years and the top grades are far harder for pupils to achieve.

- 71% of pupils achieved an A*-C in English.
- 70% of pupils achieved an A*-C in Maths.
- 60% of pupils got an A*-C in Maths and English.
- 7 pupils gained the equivalent of an A* + grade (the highest grade to be awarded under the new grading system) in either English Language and English Literature with 6 A**s and 16 A's across these subjects.
- In Maths, 14 pupils gained the top grades of A's and A**s.
- Other A* grades came in subjects such as Biology, Chemistry, Spanish, History and Art.
- Some subjects achieved over a 90% A*-C pass rate, including Chemistry, Physics, Art, Food Technology and Graphic Products, whilst pupils achieved a 100% A* - C pass rate in Biology and RE.
- In the vast majority of subjects, A*-C grades continued to improve with Additional Science, Biology, Physics, Geography, Electronic Products, Graphic Products, Food Technology, Art, Drama and PE all achieving improved results again from those last year.
- Results generally across the curriculum continue to be excellent. Most notably, the A*-C pass rate was also particularly good in subjects like Electronic Products 83%, Geography 67%, ICT 84%, PE 87% and Resistant Materials 70%.

Our results for 2017 demonstrate that we continue to move in the right direction, building on our previous successes and going from strength to strength.

At the start of 2017, we did ensure to continue to do this, and in so doing, secure the best for all, from all.

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.

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

They have ensured our class of 2017 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 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 & Skills Funding Agency (ESFA) 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 2017 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 2017, total expenditure was covered by recurrent grant funding from the DfE together with the use of the schools brought forward reserves. 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 in an attempt to safeguard somewhat against any future small budget income reductions. The value of this reserve is included in the Statement of Financial Activities.

4.3 Investment Policy

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

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

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 termly.

The responsible officer role has been performed during the period 1st September 2016 to 31st August 2017 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 2017 include the utilisation of CIF funding from the ESFA to enable further refurbishment of buildings and development of infrastructure during 2017-2018. 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.

Penwortham Priory Academy Trust

Trustees' Report

Year Ended 31st August 2017

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 the 28/11/2017 and signed on the board's behalf by:



Mr K Burke
Chair of Trustees

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

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
C. Barker	2	3
M. Beare	0	2
G. Becket	1	3
K. Bolton	0	0
K. Burke	3	3
M. Eastham (Headteacher & Accounting Officer)	3	3
L. Gaffing	2	3
G. Herd	2	2
A. Jones	0	0
K. Jones	0	0
K. Parekh	1	3
A. Taylor	3	3
D. Taylor	0	3
K. Thomson	0	0
K. Thornton	3	3
M. Turner	2	2
A. Vohra	1	2

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

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
C. Barker	3	3
K. Bolton	1	1
K. Burke	4	4
M. Eastham (Headteacher & Accounting Officer)	4	4
G. Herd	1	1
K. Parekh	2	2
A. Taylor	4	4
K. Thomson	0	1
M. Turner	1	1
A. Vohra	1	1

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:

Governor	Meetings attended	Out of a possible
M. Beare	2	2
G. Becket	2	3
M. Eastham (Headteacher and accounting officer)	3	3
L. Gaffing	2	3
A. Jones	0	0
K. Jones	0	0
K. Parekh	1	1
D. Taylor	2	3
K. Thornton	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 2016 – 2017

- Maintained pupil roll
- A continued unrelenting focus on Learning and Teaching
- A focus on staffing:

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

- 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 pupils and parents
- Positive 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
- A sustained, positive working relationship with governors – more governor involvement in the life of the school and the termly review of the specific Governor Improvement Plan.
- Clear strategic direction for the school
- Embedding improved structures, procedures and policies in place
- Growth of partnerships and more positive relationships with external agencies:
 - Colleges
 - Primaries
 - Teaching School Alliances
 - 'Families' of schools
 - Universities
 - Employers
 - Other headteachers
 - PRU's (Pupil Referral Units)
 - Pupils access
- Ongoing more thorough self-evaluation of all areas and subsequent improvement planning

Sustained Educational Results

See page 7 for current GCSE result figures.

The schools overall P8 currently stands as a slight negative (-0.015). This is a positive increase from last year's negative -0.08 Progress 8 score.

Most Departments increased their A* to C % when compared to the previous year.

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 continue to be 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, 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:

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

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

Our recent Ofsted inspection report is now available on the Ofsted website and our school website.

We know from the report that we continue to have a great deal to be proud of, a pride that was clearly reflected amongst the school community with so many parents and pupils responding to the Ofsted questionnaires with overwhelmingly positive responses.

Despite this, the inspection team chose to maintain our "Requires Improvement" overall, but the school's personal development and welfare of pupils was once again "Good", and we were praised for our "high expectations for the school brought about by purposeful and resilient leadership". We continue to head in the right direction.

Although it is a shame they did not put the grade up, we continue to see this inspection as a signpost on the way to our journey to great rather than an obstacle to overcome.

During the inspection itself, inspectors recognised the positive impact we have continued to have so far and the huge strides we've made since the last inspection.

It was a shame that Ofsted chose to come in only a few weeks before we got our results for our 2017 leavers. Schools as we know, are usually given 2 years between inspections to demonstrate their proven capacity to improve, and, had we been inspected following our results this summer, I am sure some of the positive outcomes we achieved across subject areas this year may have helped in terms of the Ofsted criteria, particularly in relation to our overall P8 score.

However, we cannot hide from the fact that the progress of disadvantaged pupils from challenging backgrounds was not good enough and will be our key focus this academic year.

Their outcomes have not improved quickly enough since the previous inspection and are not yet good. Further work is also required in the future to improve the attendance of some of these pupils if we are to meet Ofsted criteria and achieve good.

On reflection, it is clear as Ofsted state themselves, that, "leaders and governors have effectively tackled some of the weaker aspects identified at the last inspection" so that "pupils' outcomes in English and Mathematics and their strengths in other subjects, help prepare them for their next steps well, in employment, education and/or training".

It is testimony to the school and what we do that "every Year 11 pupil in 2016 progressed to appropriate further education, employment or training".

We all remain firmly committed, as always, to providing a quality education for every one of our pupils, and whilst remaining caring, we will continue to be progressive with high academic standards, to ensure that we are a school where individual pupils learn to succeed.

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

Targeted Intervention

Interventions to address those year 11 pupils underachieving in the core subjects of English, Maths and Science continue for this academic year and this 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.

Year 11 from this year also have English and Maths staff as their personal progress tutors for extra support.

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. A new support package for staff has been introduced this year so staff are more able to be proactive in their own continuing professional development.

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

Specific, focussed interventions for our Disadvantaged Pupils (DP) in school have been introduced this year. These include:

1. A DP panel of senior staff. All have specific roles and are held to account for these.
2. A DP specific governor has been appointed distinct from Special Educational Needs and Disability (SEND) governor.
3. Tracking of the numbers of DP pupils that achieve awards and are rewarded for their progress. Ensure that this is proportionate to the numbers of DP in the school.
4. For those DP that are harder to reach/not engaging, alternative rewards have been designed to promote progress.

All students in all years continue to be 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. A restructuring of the Teaching support staff has been initiated from the start of this year, allowing specific TA's to support in curriculum areas and impact more positively on the progress of all pupils, but particularly DP. House Progress Leaders are now responsible for tracking progress of pupils across subjects and therefore look for and address any patterns that the data highlights to them. 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.

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

Collaboration

As a school we continue to collaborate with a wide variety of stakeholders.

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 3 local teaching school alliances.

New initiatives

As an innovative and forward thinking school, we continue to look 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 Teaching and Learning, 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 and have weekly DP meetings to track and monitor the progress of pupils.

Weekly meetings now also take place to monitor attendance across the school in all year groups.

Our bid to completely redevelop our old ROSLA block was successful and work on our new IT facility has started.

Staffing

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

- Teacher of Maths x 2
- Teacher of English
- Teacher of Modern Foreign Languages (MFL)
- Head of Technology
- Communications and Administration Assistant

We have permanently appointed to the following new positions:

- Teacher of Maths
- Teacher of Science
- Pastoral Manager
- Higher Level Teaching Assistant
- Teaching Assistant 2

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

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:-

- UpFit with Heather Singleton
- Strong Zumba with Sue Welsh
- Pauline Quirk Academy with Aimee Membery
- Football training with DiddiKicks
- Newman Netball Club with Cherry Leo
- Zumba with Louise Ross
- Fitness with Natalie @ Sweaty Mama
- Circuit Training with Nigel Wadsworth
- Kings Methodist Church, Penwortham
- Penwortham Town FC
- Church Meeting with Herbert Eaton
- Under 8 Football with Harriet Cookson

We continue to be an official satellite academy school for Everton Football Club. This means Everton run an academy training night here on our astroturf 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 year ended 31st August 2017 and up to the date of approval of the annual report and financial statements.

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

8.5 Capacity to Handle Risk

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

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 Resources 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 CWR Chartered Accountants, 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 Resources 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 ESFA's requirements and no material control issues arose as a result of the RO's work.

Penwortham Priory Academy Trust

Governance Statement

Year Ended 31st August 2017

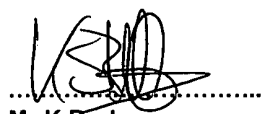
8.7 Review of Effectiveness

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:

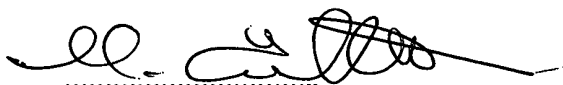
- the Board;
- the Audit Committee (where applicable);
- the risk committee/risk managers/risk improvement manager (where applicable);
- the independent risk review function (eg. internal audit / peer review);
- external audit;
- other explicit review/assurance mechanisms.

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 the 28/11/2017 and signed on its behalf by:



Mr K Burke
Chair of Trustees



Mr M Eastham
Accounting Officer

Penwortham Priory Academy Trust

Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2017

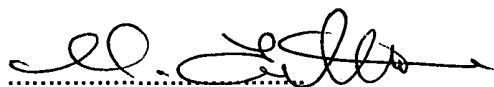
As Accounting Officer of Penwortham Priory Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding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

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

I confirm that there was one instance of material irregularity, impropriety or funding non-compliance discovered this year.

This was an identified theft of school catering money by an employee. The matter was reported to the ESFA and to the police. The member of staff was suspended from work pending further investigation and following this process, as per school policy, their contract terminated. Measures were immediately taken to ensure this would not be possible by an employee in the future, including discussion with auditors regarding reviewing our internal controls. We also reported this under our RPA insurance. The employee returned all the money in full and we await Police instruction on what their final decision will be. This was not money direct from the ESFA, but was income from our in-house catering service.

As accounting officer, I have been in regular contact with our case worker on this matter to ensure that the ESFA's report of the incident is as detailed as possible.



Mr M Eastham
Accounting Officer

Date: 1/12/2017

Penwortham Priory Academy Trust

Statement of Trustees' Responsibilities

Year Ended 31st August 2017

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' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure. 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 2016 to 2017;
- 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 and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on the 28/11/2017 and signed on its behalf by:



.....
Mr K Burke
Chair of Trustees

Penwortham Priory Academy Trust

Independent Auditor's Report to the Members of Penwortham Priory Academy Trust

Year Ended 31st August 2017

We have audited the financial statements of Penwortham Priory Academy Trust (the 'Academy Trust') for the year ended 31st August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 the Academy Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

(Continued)

Penwortham Priory Academy Trust

Independent Auditor's Report to the Members of Penwortham Priory Academy Trust

Year Ended 31st August 2017

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

We have nothing to report in this regard.

Opinion on other 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Penwortham Priory Academy Trust

Independent Auditor's Report to the Members of Penwortham Priory Academy Trust

Year Ended 31st August 2017

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....*RM*.....
Mr Robert Mitchell ACA (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: *15/12/2017*.....

Penwortham Priory Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Penwortham Priory Academy Trust and the Education and Skills Funding Agency

Year Ended 31st August 2017

In accordance with the terms of our engagement letter dated 20th September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Penwortham Priory Academy Trust during the year from the 1st September 2016 to the 31st August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Penwortham Priory Academy Trust and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Penwortham Priory Academy Trust and ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy 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 2016 to 2017 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

Penwortham Priory Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Penwortham Priory Academy Trust and the Education and Skills Funding Agency

Year Ended 31st August 2017

Conclusion

As highlighted in the Accounting Officers statement on regularity, propriety and compliance on page 20, there has been one instance of theft during the accounting period and appropriate measures were undertaken with respect to this.

Other than the matter above, 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 2016 to the 31st August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....*RM*.....
Mr Robert Mitchell ACA (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: *15/12/2017*.....

Penwortham Priory Academy Trust

Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31st August 2017

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	-	120	1,600	1,720	1,172
Charitable activities:						
Funding for the Academy Trust's educational operations	5	-	3,320	-	3,320	3,342
Other trading activities	3	197	-	-	197	204
Investments	4	1	-	-	1	1
Total		198	3,440	1,600	5,238	4,719
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy trust's educational operations	6,7	197	5,157	68	5,422	3,898
Other		-	-	-	-	-
Total		197	5,157	68	5,422	3,898
Net income/(expenditure)		1	(1,717)	1,532	(184)	821
Transfers between funds	15	(75)	1,500	(1,425)	-	-
Other recognised gains/(losses)						
Actuarial gains/ (losses) on defined benefit pension schemes	15, 25	-	383	-	383	(622)
Net movement in funds		(74)	166	107	199	199
Reconciliation of funds:						
Total funds brought forward	15	195	(1,116)	7,419	6,498	6,299
Total funds carried forward	15	121	(950)	7,526	6,697	6,498

All income and expenditure derive from continuing activities.

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

Penwortham Priory Academy Trust

Balance Sheet

Year Ended 31st August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	11		7,247		6,574
Current assets					
Debtors	12	302		194	
Cash at bank and in hand		<u>628</u>		<u>1,440</u>	
		930		1,634	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(326)</u>		<u>(281)</u>	
Net current assets			<u>604</u>		<u>1,353</u>
Total assets less current liabilities			7,851		7,927
Creditors: Amounts falling due after more than one year	14		(82)		(102)
Net assets excluding pension liability			<u>7,769</u>		<u>7,825</u>
Defined benefit pension scheme liability	25		(1,072)		(1,327)
Net assets including pension liability			<u>6,697</u>		<u>6,498</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	15	7,526		7,419	
General fund	15	122		211	
Pension reserve	15	<u>(1,072)</u>		<u>(1,327)</u>	
Total restricted funds			6,576		6,303
Unrestricted income funds	15		121		195
Total funds			<u>6,697</u>		<u>6,498</u>

The financial statements on pages 27 to 52 were approved by the trustees, and authorised for issue on the 28/11/2017 and are signed on their behalf by:



Mr K Burke
Chair of Trustees

Company Limited by Guarantee
Registration Number: 08133703

Penwortham Priory Academy Trust

Statement of Cash Flows

Year Ended 31st August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash (used in) operating activities	19	(1,651)	(66)
Cash flows from investing activities	21	860	931
Cash flows from financing activities	20	(21)	-
Change in cash and cash equivalents in the reporting period		<u>(812)</u>	<u>865</u>
Cash and cash equivalents at 1st September 2016		<u>1,440</u>	<u>575</u>
Cash and cash equivalents at 31st August 2017	22	<u>628</u>	<u>1,440</u>

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies

General information and basis of preparation

Penwortham Priory Academy Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is Crows Hill Road, Penwortham, Preston, PR1 0JE. The nature of the Academy Trust's operations and principal activities are set out in the Trustees' Report on page 4.

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

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

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.

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

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

Income (continued)

- **Donations**

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

- **Other income**

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

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.

- **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.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

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.

The leasehold assets were initially valued at £4,802,000 per the ESFA building valuation carried out in 2013 on conversion to academy status and are to be depreciated over a 125 year period.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

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.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

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.

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.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

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 and Skills Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

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 2016 has been used by the actuary in valuing the pensions liability at 31st August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
ESFA capital grants	-	1,600	1,600	1,005
Trips and other non-public funds	-	71	71	66
iPad donations	-	46	46	93
Other donations	-	3	3	8
	<u>-</u>	<u>1,720</u>	<u>1,720</u>	<u>1,172</u>

Income from donations and capital grants was £1,720,000 (2016 - £1,172,000) of which £nil (2016 - £nil) was attributable to unrestricted funds, £120,000 (2016 - £167,000) was attributable to restricted general funds and £1,600,000 (2016 - £1,005,000) was attributable to restricted fixed asset funds.

£1,600,000 (2016 - £1,005,000) of government grants were received for capital and maintenance works.

3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	9	-	9	36
Catering income	110	-	110	89
Sale of educational goods and services	55	-	55	37
Dual use agreement cost reimbursement	23	-	23	36
Music tuition	-	-	-	6
	<u>197</u>	<u>-</u>	<u>197</u>	<u>204</u>

Income from other trading activities was £197,000 (2016 - £204,000) of which £197,000 (2016 - £204,000) was attributable to unrestricted funds, £nil (2016 - £nil) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Investment income was £1,000 (2016 - £1,000) of which £1,000 (2016 - £1,000) was attributable to unrestricted funds, £nil (2016 - £nil) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

5 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	3,111	3,111	3,143
Other DfE/ESFA grants	-	163	163	168
	<u>-</u>	<u>3,274</u>	<u>3,274</u>	<u>3,311</u>
Other Government grants				
Local Authority grants	-	46	46	31
	<u>-</u>	<u>46</u>	<u>46</u>	<u>31</u>
Other income from the Academy Trust's educational operations	-	-	-	-
	<u>-</u>	<u>3,320</u>	<u>3,320</u>	<u>3,342</u>

Funding for Academy Trust's educational operations was £3,320,000 (2016 - £3,342,000) of which £nil (2016 - £nil) was attributable to unrestricted funds, £3,320,000 (2016 - £3,342,000) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

£3,320,000 (2016 - £3,342,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	-	-	-
Academy Trust's educational operations					
Direct costs	2,402	63	397	2,862	2,894
Allocated support costs	627	1,745	188	2,560	1,004
	<u>3,029</u>	<u>1,808</u>	<u>585</u>	<u>5,422</u>	<u>3,898</u>

£197,000 (2016 - £203,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £5,157,000 (2016 - £3,630,000) was attributable to restricted general funds and £68,000 (2016 - £65,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2017 £000	2016 £000
Operating lease rentals	15	20
Depreciation	68	65
(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	9	7
	<u>95</u>	<u>95</u>

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

7 Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	2,862	2,894
Support costs – educational operations	2,560	1,004
	<u>5,422</u>	<u>3,898</u>

Analysis of support costs	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	627	627	459
Depreciation	5	5	3
Premises costs	1,740	1,740	407
Other support costs	174	174	123
Governance costs	14	14	12
Total support costs	<u>2,560</u>	<u>2,560</u>	<u>1,004</u>

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.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

8 Staff

(a) Staff costs

	2017 £000	2016 £000
Staff costs during the period were:		
Wages and salaries	2,231	2,174
Social security costs	217	175
Operating costs of defined benefit pension schemes	506	408
	<u>2,954</u>	<u>2,757</u>
Apprenticeship Levy	-	-
	<u>2,954</u>	<u>2,757</u>
Supply staff costs	59	45
Staff restructuring costs	16	-
	<u>3,029</u>	<u>2,802</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	16	-
Other restructuring costs	-	-
	<u>16</u>	<u>-</u>

(b) Staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £16,000 (2016: £nil). Individually, the payments were for £10,000 and £6,000.

(c) Staff numbers

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

	2017 Number	2017 Full-time equivalent	2016 Number	2016 Full-time equivalent
Teachers	41	38	35	33
Administration and support	43	27	41	29
Management	6	6	6	6
	<u>90</u>	<u>71</u>	<u>82</u>	<u>68</u>

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

8 Staff (continued)

(d) Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
	<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 £373,000 (2016: £385,000).

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 Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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 (Headteacher and trustee):

Remuneration	£70,000 - £75,000 (2016: £70,000 - £75,000)
Employers' pension contributions	£10,000 - £15,000 (2016: £10,000 - £15,000)

Mr K Bolton (staff trustee)-retired on 09/11/2016:

Remuneration	£5,000 - £10,000 (2016: £30,000 - £35,000)
Employers' pension contributions	£0 - £5,000 (2016: £0 - £5,000)

Mr A Taylor (staff trustee):

Remuneration	£35,000 - £40,000 (2016: £35,000 - £40,000)
Employers' pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

During the year ended 31st August 2017, no travel and subsistence expenses were reimbursed to trustees (2016: £nil to trustees).

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

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 £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

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 2016	6,740	7	18	20	6,785
Additions	735	-	-	6	741
Disposals	-	-	-	-	-
At 31 st August 2017	<u>7,475</u>	<u>7</u>	<u>18</u>	<u>26</u>	<u>7,526</u>
Depreciation					
At 1 st September 2016	187	2	16	6	211
Charged in period	60	2	1	5	68
Disposals	-	-	-	-	-
At 31 st August 2017	<u>247</u>	<u>4</u>	<u>17</u>	<u>11</u>	<u>279</u>
Net book values					
At 31 st August 2016	6,553	5	2	14	6,574
At 31 st August 2017	<u>7,228</u>	<u>3</u>	<u>1</u>	<u>15</u>	<u>7,247</u>

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

12 Debtors

	2017	2016
	£000	£000
Trade debtors	80	91
Provision for bad debts with respect to iPad donations	(35)	(35)
VAT recoverable	160	72
Other debtors	58	39
Prepayments and accrued income	39	27
	<u>302</u>	<u>194</u>

13 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	17	28
Other taxation and social security	52	56
Other creditors	94	82
Accruals and deferred income	163	115
	<u>326</u>	<u>281</u>

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

14 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Other creditors	82	102
	<u>82</u>	<u>102</u>

Other creditors relates to a loan received to fund energy efficient projects in the school funded via the ESFA 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 £7,000.

15 Funds

	Balance at 1 st September 2016 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	198	3,111	(4,687)	1,500	122
Pupil premium	-	153	(153)	-	-
Other DfE/ESFA grants	-	10	(10)	-	-
Local Authority grants	-	46	(46)	-	-
Other restricted funds	13	120	(133)	-	-
Pension reserve	(1,327)	-	(128)	383	(1,072)
	<u>(1,116)</u>	<u>3,440</u>	<u>(5,157)</u>	<u>1,883</u>	<u>(950)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	845	1,600	-	(2,166)	279
Capitalised assets post conversion	1,919	-	(30)	741	2,630
Assets on conversion	4,655	-	(38)	-	4,617
Other capitalised assets	-	-	-	-	-
	<u>7,419</u>	<u>1,600</u>	<u>(68)</u>	<u>(1,425)</u>	<u>7,526</u>
Total restricted funds	<u>6,303</u>	<u>5,040</u>	<u>(5,225)</u>	<u>458</u>	<u>6,576</u>
Total unrestricted funds	<u>195</u>	<u>198</u>	<u>(197)</u>	<u>(75)</u>	<u>121</u>
Total funds	<u>6,498</u>	<u>5,238</u>	<u>(5,422)</u>	<u>383</u>	<u>6,697</u>

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 2017. At the period end the carry forward of GAG funding was £122,000.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

15 Funds (continued)

Other DfE/ESFA grants includes monies received outside of GAG funding for example the Pupil Premium. These funds have been spent in full by the 31st August 2017.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. As at the 31st August 2017 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 31st August 2017 all of these funds had been spent in full.

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 decreased to £1,072,000 at the 31st August 2017.

DfE/ESFA capital grants represent capital monies received during the period from the ESFA, predominantly from the Capital Improvement Fund. As at the 31st August 2017 the carry forward of all of these funds was £279,000.

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.

Assets on conversion represent the transfer of leasehold assets, valued at £4,802,000 per the ESFA 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 £121,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

16 Analysis of net assets between funds

Fund balances at the 31st August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	7,247	7,247
Current assets	121	530	279	930
Current liabilities	-	(326)	-	(326)
Non-current liabilities	-	(82)	-	(82)
Pension scheme liability	-	(1,072)	-	(1,072)
Total net assets/(liabilities)	121	(950)	7,526	6,697

17 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	1,461	845

Further funding from the ESFA Capital Improvement Fund (CIF) toward the cost of these projects is due to be received by the academy in the 2017/18 academic year.

18 Commitments under operating leases

Operating leases

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

	2017 £000	2016 £000
Amounts due within one year	10	10
Amounts due between one and five years	5	-
Amounts due after five years	-	-
	15	10

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

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

	2017	2016
	£000	£000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(184)	821
Adjusted for:		
Depreciation (note 11)	68	65
Capital grants from DfE and other capital income (note 2)	(1,600)	(1,005)
Interest receivable (note 4)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 25)	100	28
Defined benefit pension scheme finance cost (note 25)	28	25
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	(108)	31
Increase/(decrease) in creditors	46	(30)
Net cash (used in) operating activities	(1,651)	(66)

20 Cash flows from financing activities

	2017	2016
	£000	£000
Repayments of borrowing	(21)	(19)
Cash inflows from borrowing	-	19
Net cash (used in) financing activities	(21)	-

21 Cash flows from investing activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	1	1
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(741)	(75)
Capital grants from DfE/ESFA	1,600	1,005
Net cash provided by investing activities	860	931

22 Analysis of cash and cash equivalents

	2017	2016
	£000	£000
Cash at bank and in hand	628	1,440
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	628	1,440

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

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 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 £47,429 (2016: £46,910) were payable to the schemes at 31st August 2017 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.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

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 £407,000 (2016: £372,000).

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 year ended 31st August 2017 was £149,000 (2016: £149,000), of which employer's contributions totalled £112,000 (2016: £111,000), and employees' contributions totalled £37,000 (2016: £38,000). The agreed contribution rates for future years are 15.4% for employers and the rate for employees is dependent on the earnings 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.

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions

	At 31 st August 2017	At 31 st August 2016
Rate of increase in salaries	3.7%	3.4%
Rate of increase for pensions in payment/inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.5%	2.2%
Inflation assumption (CPI)	2.2%	2.0%

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

	At 31 st August 2017	At 31 st August 2016
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	24.9	25.2
Females	27.9	27.9

Sensitivity analysis

		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	Central	+0.1% pa discount rate	+0.1% pa inflation	+0.1% pa pay growth	1 year inc in life expectancy
	£000	£000	£000	£000	£000
Liabilities	3,066	2,996	3,138	3,087	3,120
Assets	(1,994)	(1,994)	(1,994)	(1,994)	(1,994)
Deficit	1,072	1,002	1,114	1,093	1,126
Projected service cost	206	200	212	206	210
Projected net interest cost	25	25	27	26	27

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

	Fair value at 31 st August 2017 £000	Fair value at 31 st August 2016 £000
Equity instruments	875	636
Government bonds	38	-
Other bonds	46	41
Property	207	157
Cash	92	58
Other	736	756
Total market value of assets	1,994	1,648

The actual return on scheme assets was £211,000 (2016: £315,000).

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2017	2016
	£000	£000
Current service cost (net of employee contributions)	209	137
Interest income	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	209	137

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

	2017	2016
	£000	£000
At 1st September	2,975	1,840
Current service cost	209	137
Past service cost	-	-
Interest cost	66	75
Employee contributions	37	38
Actuarial (gain)/loss	(190)	887
Benefits paid	(31)	(2)
Plan introductions, benefit changes, curtailments and settlements	-	-
Losses or gains on curtailments	-	-
Past service costs	-	-
Unfunded pension payments	-	-
Effect of non-routine transactions	-	-
At 31st August	3,066	2,975

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

	2017	2016
	£000	£000
At 1st September	1,648	1,188
Upon conversion	-	-
Interest income	38	50
Return on plan assets (excluding interest income)	-	-
Assets distributed on settlements	-	-
Actuarial gain	193	265
Employer contributions	112	111
Employee contributions	37	38
Benefits paid	(31)	(2)
Administration expenses	(3)	(2)
Effect of non-routine settlements	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31st August	1,994	1,648

Penwortham Priory Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2017

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.