

**THE PRIORS SCHOOL**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2018**



***Company Limited by Guarantee***  
***Registration Number:03143086***  
***(England & Wales)***

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## REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, GOVERNORS AND ADVISORS

<b>Members and Governors</b>	<p>S Moore (Chair) **</p> <p>S Wood (Vice Chair) (resigned 20 March 2018) ** ***</p> <p>A Rowe ** ***</p> <p>M Price *</p> <p>R Butcher * ***</p> <p>J Sadler (appointed 12 June 2018)</p> <p>R Emms (Headteacher and Accounting Officer)</p> <p>R Holland (Vice Chair)</p> <p>H Whatcott (staff governor)</p> <p>* = Governors who sat on the Finance and Resources Committee</p> <p>** = Governors who sat on the Performance and Standards Committee</p> <p>*** = Governors who sat on the Community Engagement Committee</p> <p>(sub committees superseded by monthly full governor meetings from January 2018)</p>
<b>Senior Management Team:</b>	
<b>Headteacher</b>	R Emms
<b>Deputy Headteacher</b>	H Whatcott
<b>Responsible Officer</b>	J Franklin
<b>Principal and Registered Office</b>	<p>School Lane</p> <p>Priors Marston</p> <p>Southam</p> <p>CV47 7RR</p>
<b>Company Registration Number</b>	03143086
<b>Independent Auditor</b>	<p>UHY Hacker Young (Birmingham) LLP</p> <p>9-11 Vittoria Street</p> <p>Birmingham</p> <p>B1 3ND</p>
<b>Bankers</b>	<p>Lloyds TSB Bank</p> <p>PO Box 1000</p> <p>BX1 1LT</p>
<b>Solicitors</b>	<p>Anthony Collins Solicitors LLP</p> <p>134 Edmund Street</p> <p>Birmingham</p> <p>B3 2ES</p>

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a governors' report and a directors' report under company law.

The trust operates a primary academy for pupils aged 4 to 11 primarily serving catchment areas in Priors Marston and Priors Hardwick. It has a pupil capacity of 84 (2017: 85) and had a roll of 80 (17: 71) in the school census on 1 September 2018.

**Structure, Governance and Management****Constitution**

The Priors School academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary documents of the academy trust. The governors of the Priors School academy trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Priors School.

Details of the governors who served throughout the year are included in the Reference and Administrative Details on page 3.

**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.

**Governors' Indemnities**

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust business. This qualifies as third party indemnity insurance, as defined by section 234 of the Companies Act 2006.

**Method of Recruitment and Appointment or Election of Governors**

There are clearly designed and approved procedures for the selection and appointment of Governors which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of Governors which would enhance the effectiveness of the trust.

- The Head Teacher shall be treated for all purposes as an ex officio Governor.
- The Church Governor shall be a representative of the Church of England churches in Priors Marston and Priors Hardwick who shall be nominated by the Parish Priest.
- The Parent Governors shall be elected by the parents of registered pupils at the academy.
- The members may appoint up to five additional Governors, each of whom in the opinion of the Members is committed to the good governance and success of the academy.
- With regard to Parent and Staff Governors, procedures are in place for nomination and election for Governors.

**Policies and Procedures Adopted for the Induction and Training of Governors**

New governors attend full governing body meetings and are encouraged to view the workings of the academy through personal visits to the school. A full Governors' Induction document is available and attendance at regular training courses is made available to the governing body.

**Organisational Structure**

The organisation structure comprises the Board of Governors and the Management Team of the School. The Head teacher acts as Accounting Officer and is responsible for the day to day management of the school. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The Board of Governors is responsible for the strategic development of the school, adopting an annual development plan and budget, monitoring the school by the use of budgets, management accounts and a performance management schedule for the Head Teacher.

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**

To ensure an efficient and effective structure to support, monitor and evaluate the work and development of the school there are governor committees responsible for Finance and Resources, Performance and Standards.

The Board makes major decisions about the direction of the school, capital expenditure and staff appointments. Details of authorisation levels for expenditure are detailed in the school's Financial Regulations document.

**Trade union facility time**

There were no employees who were union officials during the relevant period.

**Arrangements for setting pay and remuneration of key management personnel**

A remuneration committee, comprising members of the Board of governors, sits to agree the pay and remuneration of trust employees including the Head Teacher. Head Teacher pay is based upon recommendations following a formal performance appraisal process which is conducted by two governors and an independently appointed School Improvement Officer.

**Related Parties and other Connected Charities and Organisations**

The Priors School Academy Trust is closely linked and shares premises with The Priors School Early Years Foundation which is an independent nursery provider, independently governed from a legal and financial perspective by the Priors Education Trust (PET).

The Priors School Academy Trust acts as landlord and provides teaching and administrative services to the Nursery. From an educational perspective the Head Teacher oversees both organisations and all staff report to him. The charges for the services provided by the academy trust to the Nursery are funded through an annual cross charge.

The school operates in premises subject to a deed of trust dated 2nd February 1849 signed by the then 4th Earl Spencer, which established the original school on the site of the Academy.

The School has access to the local play area operated by the Parish Council and has a lease agreement with the Parish Council for use of the school playing fields.

**Objectives and Activities****Objects and Aims**

The school's main objectives are outlined in our vision in that The Priors Free School will remain a relatively small, thriving primary school, dedicated to providing an outstanding education to the young people of Priors Marston, Priors Hardwick and surrounding villages. The school is at the heart of our community. A passionate, highly skilled and committed staff team deliver an innovative, exciting curriculum, which ensures that pupils leave The Priors Free School extremely well placed and appropriately qualified to continue their education at Key Stage 3 in the state or independent sectors. To achieve this, the school aims:

- To offer a secure and happy base in which each child can develop at their own rate and achieve to their full ability.
- To promote equal opportunities in all areas of school life regardless of gender, race, culture or disability.
- To provide a caring community and create a stimulating environment in our school.
- To develop a respect for moral values, tolerance, sensitivity and an understanding of the needs of others.
- To use first-hand experience, where possible, in all areas of the curriculum in order to provide relevant learning opportunities.
- To develop a child's self-confidence, self-reliance and sense of personal worth.
- To encourage a responsible, flexible and questioning outlook, enabling the child to cope with the challenge of society.
- To promote good relationships between home, school and the community.
- To ensure parental knowledge of, and to encourage their involvement in, their child's education.

## GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## Objectives, Strategies and Activities

Target	Actions	When?	Impact on Teaching and Learning
To improve the percentage of children reaching the greater depth standard	Focus teaching groups Embedding strategies already in place. Close monitoring of data by SLT	End of Year	More children will reach the higher level at the end of Key Stage 2
Improve Health and Wellbeing of pupils	Apply for Healthy Schools Sainsbury's Games Award - Bronze Develop Outdoor Curriculum Healthy Living Days	End of Year	The school will achieve the Healthy Schools and Sainsbury's Games Awards
To develop a Growth Mind set in School	Training sessions Develop use of language and actions	End of Year	Children develop more resilience and understand failing is a part of learning
To improve pupil voice within the school	More active school council Pupil SEF	End of year	Pupils have a greater say on the shaping of school policy.

## Public Benefit

In drafting the above statements, the governors have complied with the duty of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties.

## Strategic Report

## Achievements and Performance

The School's attendance of its pupils was very good in the academic year 2017 – 2018 with an attendance of 97.07%.

88% of children in Year 1 passed the Phonics Screening Test and 75% of children in Year 2 passed the retake.

## End of Key Stage 1

	% of children at the expected standard	% of children exceeding the expected standard	National Figure
Reading	82	45	75% (26%)
Writing	82	27	70% (16%)
Maths	82	27	76% (22%)

## End of Key Stage 2 attainment

	% of children at the expected standard	% of children exceeding the expected standard	National Figure
READING	73	36	75% (28%)
WRITING	82	27	78% (20%)
MATHS	82	9	76% (24%)
SPAG	82	9	78% (34%)
R, W, M COMBINED	64	-	64% (10%)

## End of Key Stage 2 – Scaled Scores

	School Scaled Score	National Scaled Score
Reading	107	105
Math	103	104
Spelling, Punctuation and Grammar	105	106

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Key Performance Indicators**

The governors manage the academy on a funding stream basis and employ a number of key performance indicators to monitor the expenditure requirements of the Education Funding Agency and performance or position of the academy. The key measure the governors will be using to assess financial performance on an ongoing basis will be the expenditure on teaching staff as a percentage of total expenditure on educational operations. For the period ending 31 August 2018 this was 52%.

	2018	2017
Pupil Numbers	80	84
Staff costs as % of EFA revenue	92	97
Staff costs as % of total revenue grant income	88	88
Staff costs as % of total costs	75	80

These percentages appear to show that we have brought staffing costs down in the last academic year. However, due to higher pupil numbers in the October 2017 census, we received a larger revenue grant from the ESFA.

Other key performance indicators have been assessed within the Achievements and Performance section above.

**Going Concern**

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

**Financial Review**

The majority of the school's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The income from these grants and the associated expenditure are shown as 'Restricted Funds' in the Statement of Financial Accounts.

The school has also continued to receive a capital grant within the period in respect of the new building and equipment to support the objectives within the school's development plan. In accordance with the Charity Commission's Statement of Recommended Practice, 'Accounting and Reporting by Charities (SORP 2015)', this grant is shown as restricted income in the Fixed Asset Fund and as expenditure in the form of an annual depreciation charge against the fund over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £483,000 (2017: £456,000) was not quite covered by the income of £457,000 (2017: £453,000).

On 1 September 2011, The Priors School obtained Free School Status. Assets and Liabilities of the school prior to this, amounting to £10,772 were transferred to the Priors Education Trust, a registered charity that continues to manage the Early Years Foundation and raises funds for the general enhancement of education, including The Priors School.

At 31 August 2018, the Net Book Value of Tangible Fixed Assets was £919,000 (2017: £929,000) and movements in these assets are shown in note 12 to the Financial Statements.

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Financial Review (cont'd)****Reserves Policy**

The Governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of reserves should be equivalent to at least one month's worth of the General Annual Grant funding. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Any surplus reserves built up by the Academy are earmarked to cover:

- Planned capital expenditure
- Improve the quality of learning and social spaces within the school
- Forecast increases in staffing costs

Reserves as at 31 August 2018 were £10,000 (2017: £14,000) after deductions had been made for the fixed assets land and buildings of £919,000 (2017: £929,000) and the long term LGPS pension deficit of £47,000 (2017: £61,000).

Under Financial Reporting Standard 102, it is necessary to charge projected deficits on the LGPS, which is provided to support staff. This results in reducing the reserves in the total funds of the school. It should be noted that this does not present the school with any current liquidity problems.

**Investment Policy**

The school holds no significant investment capital. Any year to year surplus will be invested in short term bank deposits. This policy will be kept under review.

**Principle Risks and Uncertainties**

The major risks to which the academy trust is exposed to have been identified on the academy's risk register. Governors have reviewed the risks to which the academy trust is exposed to and systems and procedures have been put in place to manage these.

The governors have responsibility to assess the strategic risks to which the school is exposed and have commissioned a systematic analysis of all risks to produce a risk management register.

The principles of the controls encompassed in the Financial Regulations document are intended to minimise risk as well as ensuring value for money in all financial transactions.

The governors consider the principal risks facing the academy are:-

- Meeting requisite standards in education for students in core subjects.
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum.
- Financial risk - operating within the budget and running in deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity, and or financial commitments made without adequate authorisation.

The key controls used by this school are:-

- Schemes of delegation and formal financial regulations, as detailed in the Financial Regulations document.
- Clear authorisation and approval levels.
- Regular meetings following a calendar of management milestones identifying key activities and tasks.
- Formal written policies.
- Policies and procedures required by law to protect the vulnerable.
- Regular training of governors and staff in relevant areas of policy.
- Regular financial and performance reviews.
- Regular reporting to governors of a Responsible Officer, independent of the governors.



**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Fundraising**

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust approach to fundraising practices is as follows:

- Our approach to fundraising is to focus on raising funds for specific projects, set out beforehand, with required levels of funding. Most of the fundraising the school conducts is to raise money for additional resources in school or to support other charities as decided by the pupils on an annual basis.
- we work with the following professional fundraisers:  
The Priors School Parents' Association  
The Priors Education Trust  
Other charities, such as The National Lottery and Earnest Cook Foundation
- The school, when conducting its own fundraising, conforms to all standards as set out by the Fundraising Regulator. We aim to keep our fundraising efforts as low key and unobtrusive as possible and do not conduct fundraising through Mail, Telephone or public collections.
- The Priors School monitors fundraising carried out on its behalf by agreeing the fundraising activity and with the relevant body before the fundraising begins. The school endeavours to support these bodies and ensure that they conform to the Fundraising Regulator Code.
- The Priors School has a complaints procedure, which can be seen on the school website. The procedure ensures that all members of the school can be held to account. In most circumstances, the complaint can be dealt with by speaking to the Head Teacher, although there is an escalation procedure if required.
- The academy trust protects the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate by ensuring all fundraising is as low key as possible. The school ensures all requests for funds is only a voluntary basis and does not expect to receive any funds. The school ensures that all fundraising activities are set against a set criteria and with a plan of expenditure.

**Plans for Future Periods**

The school are working hard to meet the aims and objectives of their school development plan and the long term strategic plan. The school are investigating ways to improve the outdoor space and indoor work spaces and intend to apply for funding from the Soft Drinks Levy for this.

**Funds Held as Custodian Trustee on Behalf of Others**

The academy trust holds no funds on behalf of others as custodian trustee.

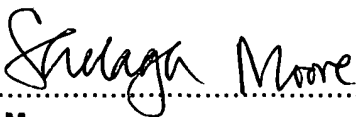
**Auditor**

Insofar as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the governors 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 auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution appoint them will be proposed in the Annual General Meeting.

Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 12 December 2018 and signed on the board's behalf by:



S Moore

Chair of Governors

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018****Scope of Responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that The Priors School 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 governors has delegated the day-to-day responsibility to the Head teacher as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Priors School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the governors' report and in the Statement of Governors' Responsibilities. The board of governors has formally met 8 times during the year. Attendance during the year at meetings of the board of governors was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a Possible</b>
S Moore	7	8
S Wood	5	5
A Rowe	7	8
M Price	7	8
R Butcher	8	8
J Sadler (appointed May 2018)	2	3
R Emms	8	8
R Holland (appointed 1 June 2017)	8	8
H Whatcott (appointed 1 June 2017)	7	8

**Governance Review**

The Academy trust reviews its governance arrangements on an annual basis. The outcome of the governance review is as follows:

- Over the course of the year the governors have bought into a programme called Governor Hub. As part of this programme, there is a governing board Health Check, which the Governing body will complete this year. The governors, also identified that there were areas that needs some additional training, such as being "Ofsted ready" and sourced some additional training.
- The chair of governors has also signed up to the local area Consortium meetings of other chairs of governors. This has been invaluable in networking and sharing best practice across a number of governing bodies.
- The governors also trialled holding more regular full governing body meetings, as we have a relatively small number of governors and it was difficult to ensure committees were quorate. This system was very successful and all governors did only hear the pertinent information about the school once. We have decided to create two smaller working groups of governors to help with more in-depth aspects such as school data and budget monitoring and planning.

The next self evaluation governance review will be carried out in the summer of 2019.

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Review of Value for Money**

As accounting officer the Head Teacher 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The School's staffing structure remained stable. The school makes the informed decision that adult support for children is a very important resource and contributes to the good progress and results that the school achieves year on year. Children with difficulties, or are at risk of falling behind, are identified early and there is adult support available to help close the gap or remove the misconception. The Governing Board conducted a thorough staffing review during the past financial year and have created different scenarios based on pupil numbers and the needs of individual groups of pupils.
- The school purchased a new outdoor cabin to create an additional small work space. The money for this purchase was sourced through the local authority. This space has enabled the school to meet the needs of individual children and meets our responsibilities to support children with additional needs.
- The school replaced all external fencing and installed an electric gate to create a safe and secure environment for the children. The money from this project came from the original budget for the construction of the free school. The school sourced quotes from a number of providers and chose to work with a local company, providing excellent value for money.
- The Governing Body have conducted many other reviews throughout the school year to ensure that best value for money is being obtained. Some examples include:
  - Purchased new accounting software and budget planning software to streamline the internal processes and ensure stringent budgetary monitoring was taking place
  - Tendering for wild garden improvements
  - Tendering for an agency cleaning company
  - Tendering of after school clubs, using the Sports Premium money

**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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Priors School for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of governors 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 governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****The Risk and Control Framework**

The Priors School 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 board of governors body;
- regular reviews by the Resources and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr J Franklin, as Reviewer. The Reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll;
- testing of purchasing and procurement;
- testing of financial procedures.

On a termly basis, the Reviewer will report to the board of governors on the operation of the systems of control and on the discharge of the board of governors financial responsibilities. There were no material control issues arising as a result of the Reviewer's work.

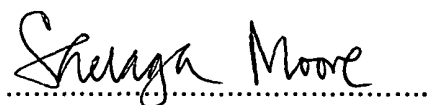
**Review of Effectiveness**

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

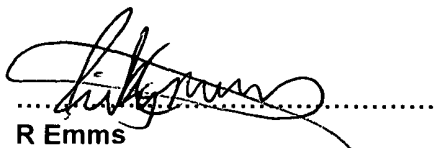
- the work of the Reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee.

Approved by order of the members of the board of Governors on 12 December 2018 and signed on its behalf by:



**S Moore**  
Chair of Governors



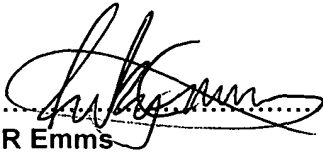
**R Emms**  
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018**

As accounting officer of The Priors School I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of governors 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 2017.

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



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**R Emms**  
**Accounting Officer**

**12 December 2018**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

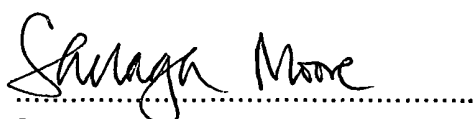
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the board of Governors on 12 December 2018 and signed on its behalf by:



**S Moore**  
**Chair of Governors**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PRIORS SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018****Opinion**

We have audited the financial statements of The Priors School (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and 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 2017 to 2018 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 31 August 2018, 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 2017 to 2018 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PRIORS SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Other information**

The governors are responsible for the other information. The other information comprises the information included in the governors' 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.

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.

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

**Responsibilities of governors**

As explained more fully in the governors' responsibilities statement set out on page 14, the governors (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 governors 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 governors 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 governors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.



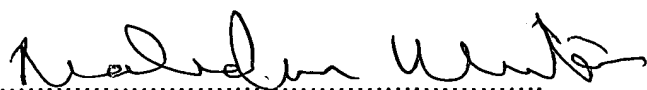
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PRIORS SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Auditor's responsibilities for the audit of the financial statements**

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governors.
- Conclude on the appropriateness of the governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



**Malcolm Winston**

**Senior Statutory Auditor**

**UHY Hacker Young (Birmingham) LLP, Statutory Auditor**

**9-11 Vittoria Street**

**Birmingham**

**B1 3ND**

**12 December 2018**

**INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE PRIORS SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018**

In accordance with the terms of our engagement letter dated 18 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Priors School funding agreement with the Secretary of State for Education dated 9 December 2011, and the Academies Financial Handbook extant from 1 September 2017 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 2017 to 2018. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE PRIORS SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**

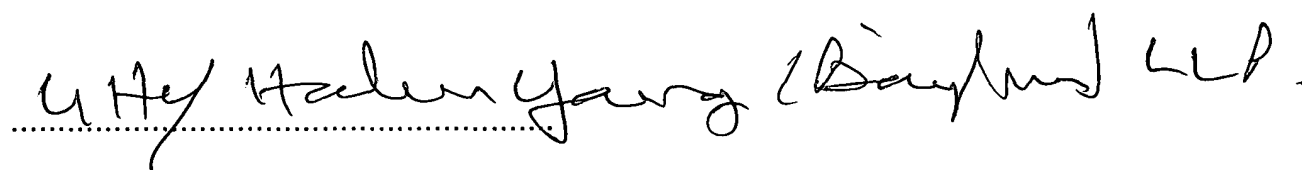
**Approach (cont'd)**

Summary of the work undertaken was as follows:

- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of governors and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or governors;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or governors;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant  
UHY Hacker Young (Birmingham) LLP  
9-11 Vittoria Street  
Birmingham  
B1 3ND

12 December 2018

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018**  
**(Including Income and Expenditure Account)**

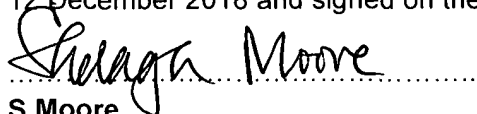
		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2018	2017
		£'000	Funds	Asset	£'000	£'000
			£'000	Funds		
<b>Income from:</b>						
Donations and capital grants	3	3	-	24	27	64
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	404		404	368
Other trading activities	5	26	-	-	26	21
Investments	6	-	-	-	-	-
<b>Total</b>		<b>29</b>	<b>404</b>	<b>24</b>	<b>457</b>	<b>453</b>
<b>Expenditure on:</b>						
Raising funds	7	28	-	-	28	39
Charitable activities:						
- Academy trust's educational operations	7 & 8	-	428	27	455	417
<b>Total</b>	7	<b>28</b>	<b>428</b>	<b>27</b>	<b>483</b>	<b>456</b>
<b>Net (expenditure)/income</b>		<b>1</b>	<b>(24)</b>	<b>(3)</b>	<b>(26)</b>	<b>(3)</b>
Transfers between funds		-	-	-	-	-
<b>Other recognised gains and losses</b>						
Actuarial gain/(loss) on defined benefit pension schemes	24	-	33	-	33	(11)
<b>Net movement in funds</b>		<b>1</b>	<b>9</b>	<b>(3)</b>	<b>7</b>	<b>(14)</b>
<b>Reconciliation of funds</b>						
<b>Total funds brought forward</b>		<b>8</b>	<b>(55)</b>	<b>929</b>	<b>882</b>	<b>896</b>
<b>Total funds carried forward</b>	15	<b>9</b>	<b>(46)</b>	<b>926</b>	<b>889</b>	<b>882</b>

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

## BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	12	<u>919</u>	<u>929</u>
		<u>919</u>	<u>929</u>
<b>Current assets</b>			
Debtors	13	9	9
Cash at bank and in hand		<u>62</u>	<u>74</u>
		<u>71</u>	<u>83</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	14	<u>(54)</u>	<u>(69)</u>
<b>Net current assets</b>		<u>17</u>	<u>14</u>
<b>Total assets less current liabilities</b>		<b>936</b>	<b>943</b>
<b>Net assets excluding pension liability</b>		<u>936</u>	<u>943</u>
Defined benefit pension scheme liability	24	<u>(47)</u>	<u>(61)</u>
<b>Total Net Assets</b>		<u><u>889</u></u>	<u><u>882</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
- Fixed asset fund	15	926	929
- Restricted income fund	15	1	6
- Pension reserve	15	<u>(47)</u>	<u>(61)</u>
<b>Total restricted funds</b>		<u>880</u>	<u>874</u>
<b>Unrestricted income fund</b>	15	<u>9</u>	<u>8</u>
<b>Total unrestricted funds</b>		<u>9</u>	<u>8</u>
<b>Total Funds</b>		<u><u>889</u></u>	<u><u>882</u></u>

The financial statements on pages 20 to 39 were approved by the Governors and authorised for issue on 12 December 2018 and signed on their behalf by:



S Moore

Chair of Governors

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(19)	17
Cash flows from investing activities	20	7	-
Cash flows from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		<u>(12)</u>	<u>17</u>
Cash and cash equivalents at 1 September	22	74	57
Cash and cash equivalents at 31 August	22	<u>62</u>	<u>74</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018****1 Statement of Accounting Policies**

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

**Basis of Preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**Going Concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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

**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**

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.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 the 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'.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**

- **Donated goods, facilities and services (cont'd)**

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

- **Transfers of freehold property**

Freehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the building.

- **Investment Income**

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

**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.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing **£500** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Tangible Fixed Assets (cont'd)**

Depreciation is provided on a straight line or reducing balance basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Leasehold buildings	2% straight line
Furniture and equipment	10% -25% reducing balance
Computer equipment and software	25% 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.

**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 13. 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 instrument, and are measured at amortised cost as detailed in note 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.

**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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**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 24, 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Pensions Benefits (cont'd)**

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 the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**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 governors. 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 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 the Education Funding Agency.

**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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)*****Critical areas of judgement (Cont'd)***

The critical judgements that the Governors have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Governors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**2 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018 (see note 15).

**3 DONATIONS AND CAPITAL GRANTS**

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000
Devolved formula capital grant	-	12	12	2
Building extension grant	-	9	9	39
Other capital grant	-	3	3	11
Big Lottery Fund	-	-	-	10
Voluntary donations	3	-	3	2
	<u>3</u>	<u>24</u>	<u>27</u>	<u>64</u>

The income from donations and capital grants was £27,000 (2017: £64,000) of which £3,000 (2017: £2,000) was unrestricted, £nil (2017: £nil) restricted and £24,000 (2017: £62,000) restricted fixed assets.

**4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000
<b>DfE/EFA grants</b>				
General annual grant (GAG) (note 2)	-	345	345	327
Pupil premium grant	-	11	11	7
DfE/EFA grants	-	34	34	25
	<u>-</u>	<u>390</u>	<u>390</u>	<u>359</u>
<b>Other Government grants</b>				
High needs top up grant (WCC)	-	14	14	-
	<u>-</u>	<u>14</u>	<u>14</u>	<u>-</u>
<b>Other income from the academy trust's educational operations</b>				
	-	-	-	9
	<u>-</u>	<u>404</u>	<u>404</u>	<u>368</u>

The income from the academy trusts' educational operations was restricted for both 2018 and 2017.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## 5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
PET nursery recharge	12	-	12	11
Before and after school club income	14	-	14	10
School activities income	-	-	-	-
	<u>26</u>	<u>-</u>	<u>26</u>	<u>21</u>

The income from other trading activities was unrestricted for both 2018 and 2017.

## 6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Bank interest received	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The income from the academy trusts' investment income was unrestricted for both 2018 and 2017.

## 7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure Premises Other Costs £'000 £'000		Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	-	-	-
- Allocated support costs	15	-	13	28	39
Academy's educational operations					
- Direct costs	286	-	22	308	288
- Allocated support costs	54	49	44	147	129
	<u>340</u>	<u>49</u>	<u>66</u>	<u>455</u>	<u>417</u>
	<u>355</u>	<u>49</u>	<u>79</u>	<u>483</u>	<u>456</u>

The expenditure was £483,000 (2017: £456,000) of which £28,000 (2017: £39,000) was unrestricted, £428,000 (2017: £392,000) restricted and £27,000 (2017: £25,000) restricted fixed assets.

	2018 £'000	2017 £'000
<b>Net income/(expenditure) for the year includes:</b>		
Operating lease rentals	1	2
Depreciation	27	25
Fees payable to auditor for:		
- audit	4	4
- other services	2	2

## 8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	308	288
Support costs - educational operations	147	129
	<u>455</u>	<u>417</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## 8 CHARITABLE ACTIVITIES (cont'd)

	Total 2018 £'000	Total 2017 £'000
<b>Analysis of Support Costs</b>		
Support staff costs	54	51
Technology costs	11	4
Depreciation	27	25
Premises costs (excluding depreciation)	22	18
Other support costs	25	24
Governance	8	7
	<u>147</u>	<u>129</u>

## 9 STAFF COSTS

	2018 £'000	2017 £'000
<b>a Staff costs during the year were:</b>		
Wages and salaries	271	264
Social security costs	22	21
Operating costs of defined benefit pension schemes	61	61
	<u>354</u>	<u>346</u>
 Agency staff costs	 1	 -
Staff restructuring costs	-	-
	<u>355</u>	<u>346</u>

**b Staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2017: £nil).

**c Staff numbers**

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

<b>Charitable Activities</b>	No	No
Teachers	5	6
Administration and support	7	7
Management	1	1
	<u>13</u>	<u>14</u>

**d Higher paid staff**

There were no members of staff paid in excess of £60,000.

**e Key management personnel**

The key management of the academy trust comprise the governors and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £116,961 (2017: £110,706).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****10 RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES**

Head Teacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. The value of the governors' remuneration was as follows.

R Emms (head teacher and governor)

Remuneration	£50,000 - £55,000	(2017: £50,000 - £55,000)
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Employers pension contributions	£5,000 - £10,000	(2017: £5,000 - £10,000)
---------------------------------	------------------	--------------------------

H Whatcott (deputy head teacher and governor)

Remuneration	£35,000 - £40,000	(2017: £5,000 - £10,000)
--------------	-------------------	--------------------------

Employers pension contributions	£5,000 - £10,000	(2017: £0,000 - £5,000)
---------------------------------	------------------	-------------------------

During the year ended 31 August 2018 £nil (2017: £nil) in travel and subsistence expenses were reimbursed to no governors (2017: nil).

Other related party transactions including governors are set out in note 25.

**11 GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect governors' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business.

From 1 October 2014 the academy entered into the ESFA's Risk Protection Arrangements and these arrangements include protection for governors and officers of the academy with cover up to £5,000,000. No separately identifiable premium for governors' and officers' protection is available for disclosure under these arrangements.

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

**12 TANGIBLE FIXED ASSETS**

	Leasehold Interest in			
	Land & Buildings	Furniture & Equipment	Computer Equipment	Total
Cost	£'000	£'000	£'000	£'000
At 1 September 2017	929	76	62	1,067
Additions	-	17	-	17
Disposals	-	-	-	-
At 31 August 2018	929	93	62	1,084
Depreciation				
At 1 September 2017	66	20	52	138
Charged in year	17	7	3	27
Disposals	-	-	-	-
At 31 August 2018	83	27	55	165
Net book value				
At 31 August 2018	846	66	7	919
At 31 August 2017	863	56	10	929

The leasehold interest in land and buildings includes an amount of £82,833 (2017: £82,833) brought forward in respect of the original land and school premises, the use of which was gifted to the school by the Spencer family on condition that it is used for educational purposes. This has not been depreciated historically and is therefore subject to an annual impairment review.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

13 DEBTORS	2018 £'000	2017 £'000
VAT recoverable	2	3
Other debtors	2	-
Prepayments	5	6
	<u>9</u>	<u>9</u>
<b>14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade creditors	5	11
Other taxation and social security	25	21
Accruals and deferred income	25	37
	<u>55</u>	<u>69</u>
<b>Deferred Income</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Deferred income at 1 September 2017	27	16
Resources deferred in the year	15	27
Amounts released from previous years	(27)	(16)
Deferred income at 31 August 2018	<u>15</u>	<u>27</u>

At the balance sheet date the academy was holding funds received in advance for 2018/19 for universal free school meals £10,000 (2017: £15,000), devolved formula capital £nil (2017: £7,000), pupil premium £2,000 (2017: £3,000), rates relief £2,000 (2017: £2,000) and trips £1,000 (2017: £nil).

## 15 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General annual grant (GAG) (note i)	6	345	(350)	-	1
Other DfE/ESFA grants (note ii)	-	34	(34)	-	-
Pupil premium grant (note iii)	-	11	(11)	-	-
General fund (note iv)	-	-	-	-	-
Other grants - WCC (note v)	-	14	(14)	-	-
Other grants - PET (note vi)	-	-	-	-	-
	<u>6</u>	<u>404</u>	<u>(409)</u>	<u>-</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants (note vii)	862	21	(22)	-	861
Private sector capital sponsorship (note viii)	45	-	-	-	45
Other capital grants - PET (note vii)	22	3	(5)	-	20
<b>Total restricted funds</b>	<u>929</u>	<u>24</u>	<u>(27)</u>	<u>-</u>	<u>926</u>
<b>Restricted pension scheme liability</b>					
Pension reserve (note ix)	(61)	-	(19)	33	(47)
	<u>(61)</u>	<u>-</u>	<u>(19)</u>	<u>33</u>	<u>(47)</u>
<b>Total restricted funds</b>	<u>874</u>	<u>428</u>	<u>(455)</u>	<u>-</u>	<u>880</u>
<b>Unrestricted funds</b>					
Unrestricted funds (note x)	8	29	(28)	-	9
<b>Total unrestricted funds</b>	<u>8</u>	<u>29</u>	<u>(28)</u>	<u>-</u>	<u>9</u>
<b>Total funds</b>	<u>882</u>	<u>457</u>	<u>(483)</u>	<u>33</u>	<u>889</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## 15 FUNDS (cont'd)

**Notes**

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2018 (see note 2).
- ii) Other DfE/ESFA/Other government grants represent surplus funds, which will be used on specific projects in future years.
- iii) Pupil premium are funds paid to disadvantaged pupils.
- iv) The general fund represents the general funds held within the Academy's voluntary fund.
- v) Other grants are grants received from the local authority for special educational needs.
- vi) Other grants received from Priors Education Trust to subsidise staff and trip costs.
- vii) Fixed asset funds include capital grants, additions and depreciation.
- viii) Private sector capital sponsorship includes fixed assets funded by the private sector prior to the Academy obtaining free school status.
- ix) The pension reserve is the deficit in the Local Government Pension Scheme (see note 24).
- x) Unrestricted funds include voluntary payments made to the Academy and spent at the discretion of the trustees.

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General annual grant (GAG) (note i)	12	327	(333)	-	6
Other DfE/ESFA grants (note ii)	-	25	(25)	-	-
Pupil premium grant (note iii)	-	7	(7)	-	-
General fund (note iv)	-	-	-	-	-
Other grants - WCC (note v)	-	-	-	-	-
Other grants - PET (note vi)	-	9	(9)	-	-
	<u>12</u>	<u>368</u>	<u>(374)</u>	<u>-</u>	<u>6</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants (note vii)	842	41	(21)	-	862
Private sector capital sponsorship (note viii)	45	-	-	-	45
Other capital grants - PET (note vii)	5	21	(4)	-	22
<b>Total restricted funds</b>	<u>892</u>	<u>62</u>	<u>(25)</u>	<u>-</u>	<u>929</u>
<b>Restricted pension scheme liability</b>					
Pension reserve (note ix)	(32)	-	(18)	(11)	(61)
	<u>(32)</u>	<u>-</u>	<u>(18)</u>	<u>(11)</u>	<u>(61)</u>
<b>Total restricted funds</b>	<u>872</u>	<u>430</u>	<u>(417)</u>	<u>(11)</u>	<u>874</u>
<b>Unrestricted funds</b>					
Unrestricted funds (note x)	24	23	(39)	-	8
<b>Total unrestricted funds</b>	<u>24</u>	<u>23</u>	<u>(39)</u>	<u>-</u>	<u>8</u>
<b>Total funds</b>	<u>896</u>	<u>453</u>	<u>(456)</u>	<u>(11)</u>	<u>882</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## 15 FUNDS (cont'd)

A current year 12 month and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General annual grant (GAG) (note i)	12	672	(683)	-	1
Other DfE/ESFA grants (note ii)	-	59	(59)	-	-
Pupil premium grant (note iii)	-	18	(18)	-	-
General fund (note iv)	-	-	-	-	-
Other grants - WCC (note v)	-	14	(14)	-	-
Other grants - PET (note vi)	-	9	(9)	-	-
	<u>12</u>	<u>772</u>	<u>(783)</u>	<u>-</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants (note vii)	842	62	(43)	-	861
Private sector capital sponsorship (note viii)	45	-	-	-	45
Other capital grants - PET (note vii)	5	24	(9)	-	20
<b>Total restricted funds</b>	<u>892</u>	<u>86</u>	<u>(52)</u>	<u>-</u>	<u>926</u>
<b>Restricted pension scheme liability</b>					
Pension reserve (note ix)	(32)	-	(37)	22	(47)
	<u>(32)</u>	<u>-</u>	<u>(37)</u>	<u>22</u>	<u>(47)</u>
<b>Total restricted funds</b>	<b>872</b>	<b>858</b>	<b>(872)</b>	<b>22</b>	<b>879</b>
<b>Unrestricted funds</b>					
Unrestricted funds (note x)	24	52	(67)	-	9
<b>Total unrestricted funds</b>	<u>24</u>	<u>52</u>	<u>(67)</u>	<u>-</u>	<u>9</u>
<b>Total funds</b>	<u><b>896</b></u>	<u><b>910</b></u>	<u><b>(939)</b></u>	<u><b>22</b></u>	<u><b>888</b></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## 16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension	General	Fixed Assets	
	Funds	Restricted	Restricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	919	919
Current assets	9	-	55	7	71
Current liabilities	-	-	(54)	-	(54)
Pension scheme liability	-	(47)	-	-	(47)
	<u>9</u>	<u>(47)</u>	<u>1</u>	<u>926</u>	<u>889</u>

Fund balances at 31 August 2017 are represented by:

	Unrestricted	Pension	General	Fixed Assets	
	Funds	Restricted	Restricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	929	929
Current assets	8	-	75	-	83
Current liabilities	-	-	(69)	-	(69)
Pension scheme liability	-	(61)	-	-	(61)
	<u>8</u>	<u>(61)</u>	<u>6</u>	<u>929</u>	<u>882</u>

## 17 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

2018	2017
£'000	£'000
nil	9

Authorised by governors, but not yet contracted

2018	2017
£'000	£'000
<u>nil</u>	<u>nil</u>

## 18 COMMITMENTS UNDER OPERATING LEASES

*Operating leases*

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	Other	Other
	£'000	£'000
Operating leases which		
- Within one year	1	1
- Within two to five years	2	3
	<u>3</u>	<u>4</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

**19 RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £'000	2017 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(26)	(3)
Adjusted for:		
Depreciation (note 12)	27	25
Capital grants from DfE and other capital income	(24)	(62)
Interest receivable	-	-
Defined benefit pension scheme cost less contributions payable (note 24)	18	17
Defined benefit pension scheme finance cost (note 24)	1	1
(Increase)/decrease in debtors	-	5
(Decrease)/increase in creditors	(15)	34
<b>Net cash (used in)/provided by operating activities</b>	<b>(19)</b>	<b>17</b>

**20 CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	-	-
Purchase of tangible fixed assets	(17)	(62)
Capital grants from DfE/ESFA	21	39
Capital funding received from sponsors and others	3	23
Receipts from sale of tangible fixed assets	-	-
<b>Net cash provided by investing activities</b>	<b>7</b>	<b>-</b>

**21 CASH FLOWS FROM FINANCING ACTIVITIES**

Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>-</b>	<b>-</b>

**22 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	At 31 Aug 2018 £'000	At 31 Aug 2017 £'000
Cash in hand and at bank	62	74
<b>Total cash and cash equivalents</b>	<b>62</b>	<b>74</b>

**23 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.

**24 PENSION AND SIMILAR OBLIGATIONS**

The Academy'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 Warwickshire County Council Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2018 was £61,000 (2017: £61,000) of which £31,000 (2017: £30,000) relates to the TPS and £30,000 (2017: £31,000) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

**24 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Teachers' Pension Scheme****Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employers pension costs paid to TPS in the period amounted to £31,000 (2017: £30,000).

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

**24 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £38,000 (2017: £38,000) of which employers contributions totalled £30,000 (2017: £31,000) and employees contributions totalled £8,000 (2017: £7,000). The agreed contributions for future years are 19.4% (2017 : 19.4%) for employers and 5.5% (2017: 5.5%) for employees.

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

**Principal Actuarial Assumptions**

The major assumptions used by the actuary were:

	At 31 August 2018 % per annum	At 31 August 2017 % per annum
Discount rate	2.8%	2.5%
Salary increases	2.9%	3.0%
Pension increase	2.3%	2.4%

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

	At 31 August 2018 Approx. % Increase to Employers Liability	At 31 August 2018 Approx. £'000	At 31 August 2017 Approx. % Increase to Employers Liability	At 31 August 2017 Approx. £'000
Discount rate reduced by 0.5% per annum	19%	40	19%	38
Assumed pension increased by 0.5% per annum	18%	38	18%	35
Salary growth increased by 0.5% per annum	1%	2	1%	2

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	22.5	22.5
- Women	24.7	24.7
Longevity at age 65 retiring in 20 years		
- Men	24.3	24.3
- Women	26.7	26.7

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

## 24 PENSION AND SIMILAR OBLIGATIONS (cont'd)

## Local Government Pension Scheme (cont'd)

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	99	86
Bonds	35	29
Property	19	15
Cash	5	3
<b>Total market value of assets</b>	<b>158</b>	<b>133</b>
<b>Present value of scheme liabilities</b>		
- Funded	(158)	(133)
- Unfunded	(47)	(61)
<b>Total liabilities</b>	<b>(205)</b>	<b>(194)</b>
<b>Deficit in the scheme</b>	<b>(47)</b>	<b>(61)</b>

The actual return on the scheme assets in the year was £6,000 (2017: £64,000).

## Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	29	30
Interest income	(4)	(1)
Interest cost	5	2
<b>Total operating charge</b>	<b>30</b>	<b>31</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (continued)

## 24 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2018 £'000	2017 £'000
<b>Changes in deficit during the year</b>		
Deficit in the scheme at 1 September 2017	61	32
Movement in year:		
- Employer service cost (net of employee contributions)	29	30
- Employer contributions	(11)	(13)
- Expected return on scheme assets	(4)	(1)
- Interest cost	5	2
- Actuarial (gains)/losses	(33)	11
<b>Deficit in the scheme at 31 August 2018</b>	<b>47</b>	<b>61</b>

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

	2018 £'000	2017 £'000
Scheme liabilities at 1 September 2017	194	81
Current service cost	29	30
Interest cost	5	2
Contributions by scheme participants	8	7
Actuarial (gains)/losses	(31)	74
<b>Scheme liabilities at 31 August 2018</b>	<b>205</b>	<b>194</b>

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

	2018 £'000	2017 £'000
Fair value of scheme assets at 1 September 2017	133	49
Expected return on scheme assets	4	1
Actuarial gains	2	63
Contributions by employer	11	13
Contributions by scheme participants	8	7
<b>Fair value of scheme assets at 31 August 2018</b>	<b>158</b>	<b>133</b>

The estimated value of employer contributions for the year ended 31 August 2019 is £11,000 (2018:£ 11,000).

## 25 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

J Hookey is a member of staff who also provides catering services to the school trading as 'Convivio Catering'. Transactions during the year totalled £11,390 (2017: £13,147) and the service was provided at cost. The balance outstanding at 31 August 2018 was £Nil (2017: £Nil).

No related party transactions took place in the period of account, other than certain governors' remuneration and expenses already disclosed in note 10.

## 26 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.