

Company Registration Number: 07698707 (England & Wales)

**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

Paul Brett  
John Penrose  
Jonquil Brooks  
Ron Richards

**Trustees**

John Richardson, Chair of Trustees<sup>1,2</sup>  
Neville Coles, Executive Principal  
Victoria Butterfield<sup>1,2</sup>  
Rod Sibley<sup>1,2</sup>  
Barry Wratten<sup>1</sup>  
Ian Cook  
Michelle Michael (appointed 11 October 2017)  
Kevin Rooke (resigned 19 September 2017)

<sup>1</sup> Resource Committee

<sup>2</sup> Pay Committee

**Company registered  
number**

07698707

**Company name**

The Priory Learning Trust

**Principal and Registered  
office**

Priory Community School  
Queensway  
Weston-super-Mare  
North Somerset  
BS22 6BP

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Accounting Officer**          Neville Coles

**Leadership Team**

Neville Coles, Executive Principal  
Martin Kerslake, Chief Operations Officer/Financial Director  
Danni Laing, Head of HR  
Sarah Gibbon, Chief Analytics Officer

**Independent auditors**      Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

**Bankers**                        Lloyds Bank PLC  
High Street  
Worle  
Weston-super-Mare  
BS22 6JS

**Solicitors**                    Veale Wasbrough Vizards LLP  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4QA

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 4 academies, 2 for students aged 11 to 16 and 2 for students aged 5 to 11 plus two pre-school nurseries in Weston-super-Mare. Our year 7 pupil admission number was 556 and reception year admission number was 120. Actual numbers on the census on 17 May 2018 was 3,554.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

On 1 April 2018 the Trust adopted new Articles of Association together with a Memorandum of understanding to reflect the requirements of the Diocese of Bath and Wells when taking on a Church of England school.

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

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**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 they ceased to be a member.

**Trade union facility time**

There are three members of the staff who were relevant union officials during the year.

The three union officials at the Academy Trust are all full time employees and spend between 0-50% of their time on trade union activities, costing approximately £419.

**Trustees' Indemnities**

Until 31 October 2017 Trustees benefited from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity was £5m.

From 1 November 2017 the Trust is insured through the UK Government Risk Protection Arrangement (RPA). The Governors Liability section of the RPA will indemnify Governors, members of the governing body or board of governors of the Academy Trust; Employees of the Academy Trust acting in a managerial capacity and any employee named as a co-defendant in a claim made against a Governor/director/trustee of an Academy Trust, or a person who sits on a local governing body (a committee established for an Academy by the Academy Trust in accordance with its Articles).

## **TRUSTEES**

### **Method of Recruitment and Appointment or Election of Trustees**

From 1 April 2018 new Articles of Association were adopted. These set out that the Multi Academy Trust shall have up to 7 Trustees appointed by Members, with the diocese of Bath and Wells requiring that 50% of members and trustees shall be "foundation directors".

The Executive Principal is also an ex officio Trustee.

Trustees are appointed for a four-year period, except that this time limit does not apply to the Executive Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board considers the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development. New / potential Trustees are asked to provide biographical details including details of governance and other relevant experience – particularly where a skills gap has been identified. An interview is held with a minimum of two established Trustees (usually including the chair).

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academies in the Trust and a chance to meet staff and students. All Trustees are provided with the "Handbook" produced for TPLT Trustee and Academy Councillors (AC). This clearly states the expectations of a Trustee / AC with regard to attendance at meetings and support for The Trust or an Academy. This is updated annually to reflect for example the Financial Handbook, introduction of the Central Recharge and changes in safeguarding.

Working groups of trustees meet for specific tasks to review annual policies, structures of governance and the scheme of delegation.

In addition, all Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need, to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be informal and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

TPLT signed up to the support provided by "The Key" and National Governors Association (NGA) for regular online support and training. As the Trust has grown, ALL Trustee and AC have undertaken more formal training in "Prevent and Safeguarding" annually and another formal training session took place on 23 September 2017. The Trust also used personnel from NGA to provide training for AC & Trustees.

### **Organisational Structure**

The Board of Trustees normally meets three times a year. Those meetings are timetabled a year in advance and are timed to match the Academy Council meetings to receive their reports etc as appropriate. The board establishes an overall framework for the governance of the Trust, membership, terms of reference and procedures of committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board has, from time to time, established working groups to perform specific tasks over a limited timescale. The Board provides general oversight of the committee structure of its academies to ensure all responsibilities delegated are properly addressed.

During the year there were the following committees:

- **Resource Committee** – This meets 3 times per year (in term 1,3,5) and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee and agrees site development priorities and plans.
- **Pay Committee** – This is a sub-committee of the Resource Committee. It met when needed but regularly to appraise the Executive Principal; review and modify the Pay Policy (for example in light of the school teachers pay review report); receive and decide on all pay recommendations made following the annual appraisal by each Academy's Principal. From 1 September 2018 individual academies will hear recommendations for incremental progression from the academy principal at their own pay committee; however all pay scales will be determined by the Trustee pay committee. The Trustee pay committee will hear appeals against decisions made at academy level. Consistency across the Trust will be assured by the executive. The Trustees will continue to appraise the Executive Principal.
- **Strategy Meetings** – Held when required. For example, 8 February 2018 to consider the recommendation that St Anne's CEVA Primary and Castle Batch Primary School to join TPLT. And on 21 June 2018 to consider the recommendation of The King Alfred School joining TPLT on 1 October 2018.

The Scheme of Delegation spells out the limits of the responsibilities of the full organisational structure of TPLT including Members, Trustees, Executive, Academy Councils and Academy Principals. This is reviewed annually.

The Trustees of TPLT have devolved the day-to-day management of the Trust to the Executive Principal and Executive Team including the Chief Operations Officer. The day-to-day management of Academies within the Trust is devolved to the school Principals and Leadership Teams. Line management of the school Principals is the responsibility of the Executive Principal.

The Leadership Team at each Academy consists of the Principal, Vice Principals and School Business Managers.

The Principal controls the Academy at an executive level working under the direction of The Executive Principal of TPLT, implementing the policies laid down by the Trustees. The Chief Operations Officer of TPLT and the Academy Business Managers oversee financial and business matters.

The Executive Principal, Chief Operations Officer and Academy Business Managers and Business and Site Committees are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to budget holders, which must be authorised in line with the Scheme of Delegation.

The Executive Principal and Principals are responsible for the appointment of staff, though appointment panels for teaching posts often include a Trustee. Local Academy Councillors participate in the appointment of Central Leader level and above.

The Executive Principal is the Accounting Officer.

#### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

During the year, pay and remuneration was determined in accordance with the Pay Policies. These are reviewed annually. The process of review is started by the HR team in response to recommended changes by the School Teachers Pay and Conditions Review Body (STPCRB) and spelt out in the STPCRB document, usually annually in school each August. The amended Pay Policies are presented by the Resource Committee via the Pay Committee for approval.

The Pay Policy follows the formulae of the STPCRB for determining the school grouping and from there the range for the Headteacher (Executive Principal), Principals, Vice Principals and Assistant Principals. The Pay Committee applies these figures to current key management personnel.

The Pay Committee received a report on the outcomes of the appraisal system from the Executive Principal in relation to the Executive team and school principals. The Pay Committee separately conducts the appraisal of the Executive Principal and makes appropriate recommendation to the board regarding changes in remuneration. The Pay Committee also receives recommendations from School Principals. In all cases, the committee samples a number of appraisal documents to challenge the recommendation and to ensure parity of treatment.

#### **Connected Organisations, including Related Party Relationships**

Priory Community School Enterprises Ltd is a wholly owned subsidiary. The transactions with Priory Community School Enterprises Ltd are undertaken at arm's length and are disclosed in note 15 of these financial statements.

There are no related parties which either control or significantly influence the decisions and operations of TPLT. There are no sponsors or formal Parent Teacher Associations associated with the Academies.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims**

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum; and

To promote for the benefit of the inhabitants of Weston super Mare and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The aims of the Trust during the year ended 31 August 2018 are summarised below:

- To promote happy school communities where students come first and all staff are valued and cherished
- To develop all children as successful learners, confident individuals and responsible citizens
- To raise standards for all learners by sustaining and enhancing performance – especially in the core areas of English, mathematics and science
- To meet the needs of all learners with appropriate challenge for all through a broad and balanced curriculum
- To fulfil our moral purpose by engaging and collaborating to help improve the life chances of all young people, locally, nationally and globally
- To continue to raise the standard of educational attainment and achievement of all students
- To ensure wider aspects of schooling are valued and supported – sport, art, music and all co curricular activities
- To develop each Academy site so that it enables children to achieve their full potential
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To improve the effectiveness of each Academy by keeping the curriculum and organisational structure



**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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under continual review

- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To develop each Academy's capacity to manage change
- To conduct each Academy's business in accordance with the highest standards of integrity, probity and openness
- To be the first choice for parents/carers and students in our region – we have developed a 'raving fans' approach to customer service

At all schools within the Trust we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Each Academy is a community in which children, staff and parents should be part of a happy and caring environment.

**Objectives, Strategies and Activities**

Our aim is to provide our learners with the best education that meets their needs. Whilst economic wellbeing, which is enhanced by academic achievement, is paramount, we also value the development of our students as citizens equipped for life and work in the twenty first century.

Key priorities for the year are contained in each Academy's Improvement Plan (AIP), which is available from each Academy.

One major aim is that within each Academy 50%+ of students gain both English and mathematics at GCSE at Grades 9-5 with 70% gaining grades 9-4. This is within the top 25% of schools in the UK. Within our primary academies we aim to be well above national averages on all measures. We are always looking to improve and 2018/19 is no different. Ambitious targets are set again.

Everyone connected with TPLT should be very proud of the way in which the 'day-in day-out actions' of staff enable students to leave with high outcomes.

1. The secondary academies will achieve a combined basics Grade 4+ of 70% in English and Maths
2. The secondary academies will achieve a combined basics Grade 5+ of 50% in English and Maths
3. Attendance will be outstanding at 96% in all academies
4. English Baccalaureate conversions will be at 95% in secondary academies
5. A/A\* and Grade 7+ all subject areas will meet their targeted levels in 2019 (top 25% nationally) – secondary academies
6. Disadvantaged - there will be less than 5% Progress 8 gap between PPI attainment and the rest of the school population
7. Progress 8 scores for all secondary academies will be 0+
8. Primary academies SAT results to be above national averages and 0+ progress

More specific improvement focuses identified for this year include:

- Strategic plan in place to further develop governance, outcomes, growth, people, capacity, business services, marketing and culture
- 10 new Capital Improvement Fund bids to be submitted in 2018-19 across all academies and 'academies to be' within TPLT
- Completion of renovation of the old science block / creation of more restaurant space - PCSA
- Completion of new toilet block at WCSA – work commenced August 2018
- Improving literacy by alignment of policy across Trust
- Improving marking and feedback through marking – presentation within books – alignment policy across Trust
- Curriculum aligned across Trust

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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- Conduct policy alignment across the Trust
- The 'primary lesson' developed and brought together across primary phase
- Transition policy fully in place across the Trust
- Provision of smaller class sizes through use of School Direct staffing - 28 School Direct Trainees to join the Trust in 2018-19
- Full time Director of TSA appointed and starts work September 2018 – further development of TPLT TSA
- Science GCSE for all – 2 GCSEs in science to improve from 2018 level – Director of Science focus – 75% and 55% at G4 and G5
- Maths improvement – Director of Maths focus – 55% and 75% at G5 and G4
- Further analysis of our Progress 8 measure / primary progress measures and the introduction of the new reformed GCSEs
- Embedding of new modular curriculum at all Academies – especially focus on TKASA post October 2018 entry to TPLT

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit, education in Weston-super-Mare and the surrounding area. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development of schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of technology.

The Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

As a Trust we have a duty to support other schools / colleges:

- We welcomed Worle Community School, now WCSA, into the Trust in March 2017 and welcomed Castle Batch and St Anne's primary academies in April 2018
- We have assisted both The King Alfred School (TKASA – as an Academy) in Burnham-on-Sea and Pawlett Primary, Bridgwater during 2017-18 and TKASA will join in October 2018 and Pawlett potentially joining in April 2019 – both schools are still currently maintained by Somerset LEA
- We have secured the finance for and started re-roofing of TKASA site
- We successfully became a Teaching School in 2017 and will continue to support ITT across the SW in this role during 2018-19. We will welcome 28 School Direct trainees in 2017-18 – an extension from 8 in 2017-18. We have appointed a full time Director of TSA with administrative support.

## **STRATEGIC REPORT**

### **Achievements and Performance**

#### Priory Community School - an Academy Trust (PCSA)

PCSA is in its seventh year of operation as an Academy and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2018 was 1,262. This number of students is higher than the school's capacity. Academy Councillors have decided to increase the Pupil Admission Number (PAN) to 300 for all year groups from September 2018. PCSA welcomes 304 new students in September 2018.

PCSA is oversubscribed in three year groups. Student numbers on roll in September 2018 are 1,325. Of those students, 311 are entitled to receive additional funding from the Pupil Premium, which equates to 23% of the school population.

The Academy is heavily oversubscribed. There were 377 first preference applicants for the 300 places available in Year 7 in September 2018. Four additional students were admitted into Year 7 following the annual admission appeals.

The exam outcomes at PCSA are:

#### **2018**

English Grade 4+ 67%, Grade 5+ 45%  
Maths Grade 4+ 74%, Grade 5+ 49%  
English & maths Grade 4+ 66%, Grade 5+ 43%  
Attainment 8 43.8  
Progress 8 -0.17

#### **2017**

English Grade 4+ 78%, Grade 5+ 57%  
Maths Grade 4+ 73%, Grade 5+ 42%  
English and maths Grade 4+ 66%, Grade 5+ 33%  
Attainment 8 44.44  
Progress 8 -0.15

#### **2016**

English & maths A\* - C 62%, Attainment 8 49.74, Progress 8 +0.07

<b>Year</b>	<b>5 A* - C inc E&amp;M</b>	<b>English &amp; Maths</b>
2015	70%	74%
2014	67%	69%
2013	75%	75%
2012	70%	71%
2011	69%	71%
2010	54%	
2009	45%	
2008	38%	
2007	38%	
2006	33%	
2005	30%	
2004	28%	

PCSA was subject to a full Section 5 inspection by OfSTED in June 2010 and was judged to be 'good with outstanding features'. The Academy was awarded 20 good grades and 4 outstanding grades. In November 2014 PCSA was judged 'outstanding' in all areas through a full Section 5 inspection by OfSTED.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations and faculty reviews, which are undertaken by the Leadership Team.

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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Over time, PCSA has secured numerous grants to replace the boilers, develop a new Sir Richard Branson SEN Centre (SEN), install new windows, install new roofs, build a new sports building, update sports changing facilities and refurbish the sports hall. In 2016/17 a £2.5 million science block, The Spencer Science Centre, opened. New restaurant facilities / classroom renovation project is now drawing to a close to allow for 300 new students to join in each year group in subsequent years.

Summer 2018 we find PCSA with:

- 'Outstanding' OFSTED status
- IIP 'Gold' status
- High quality self motivated leadership, which is proactive at all levels – this applies equally to site network and teaching teams

**Worle Community School - an Academy Trust (WCSA)**

In April 2017, Worle Community School converted to Academy status and joined TPLT. Worle Community School was previously judged by OfSTED to be in Special Measures in April 2016. PCSA acted as school improvement partner from June 2016 until conversion in April 2017. It received a positive HMI visit in November 2016 and a positive RSC visit in June 2017. Results improved significantly in the 2017 outcomes. P8 was at -0.13 – a significant improvement. Further improvements were made in the 2018 outcomes (see information below).

Worle Community School has a Pupil Admission Number of 300 students per year group, giving a total capacity of 1,500 students. The school is currently undersubscribed with 1,395 students on roll at the start of September 2018. The school received 219 first choice applications for its 300 Year 7 spaces, but with second choices and referrals the current Year 7 stands at 294 students at the start of September. The 'first choices' were up by 14% on the previous year. The school is currently full in Year 9, but has spaces in all other year groups. Numbers are significantly reduced in Years 11, with a number of students transferring to 14-19 provision in the town. However, numbers transferring have reduced from over 30 in 2016-17 to 3 in 2018-19

The exam outcomes at WCSA are:

**2018**

English Grade 4+ 67%, Grade 5+ 45%  
Maths Grade 4+ 74%, Grade 5+ 49%  
English & maths Grade 4+ 66%, Grade 5+ 43%  
Attainment 8 43.8  
Progress 8 -0.17

**2017**

English Grade 4+ 72%, Grade 5+ 54%  
Maths Grade 4+ 68%, Grade 5+ 44%  
English and maths Grade 4+ 62%, Grade 5+ 36%  
Attainment 8 44.04  
Progress 8 -0.13

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**2016**

English & maths A\* - C 47%, Attainment 8 45.6, Progress 8 -0.46

<b>Year</b>	<b>5 A* - C inc E&amp;M</b>	<b>English &amp; Maths</b>
2015	43%	45%
2014	51%	58%
2013	51%	52%
2012	55%	55%
2011	49%	50%
2010	44%	
2009	49%	

Castle Batch Primary School Academy

Castle Batch Primary School Academy joined the Trust on 1 April 2018. In the Summer Census 2018, there were 436 students on roll.

In 2018, outcomes at the school were:

Early Years

Year 1 85% exceeding standard

Year 2 90% exceeding standard

Key Stage 1

Reading 72% exceeding standard

Writing 72% exceeding standard

Maths 78% exceeding standard

Key Stage 2

Reading 66% exceeding standard

English grammar, punctuation & spelling 68% exceeding standard

Maths 68% exceeding standard

Writing 86% exceeding standard

Reading, writing & maths 60% exceeding standard

Reading Progress -1.9

Writing Progress +1.3

Maths Progress -1.6

St Anne's Church Academy

St Anne's Church Academy joined the Trust on 1 April 2018. In the Summer Census 2018, there were 309 students on roll over two sites.

In 2018, outcomes at the school were:

EYFS 79% good level of development above national standard

Year 1 Phonics 94% exceeding national standard

Key Stage 1

Reading 80% exceeding national standard

Writing 76% exceeding national standard

Maths 86% exceeding national standard

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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Key Stage 2

Reading 85% secure or above national standard  
English grammar, punctuation & spelling 85% secure or above national standard  
Maths 65% below national standard  
Writing 96% above national standard  
Reading, writing & maths 62% at national standard  
Reading Progress -0.8  
Writing Progress +2.1  
Maths Progress -3.7

**Key Performance Indicators**

As funding is based on pupil numbers this is a key performance indicator. PCSA's pupil numbers for October 2017 census were 1,262 a slight decrease of 5 over 2016. The academy has increased intake numbers to 300 per year group commencing September 2018. WCSA's pupil number for October 2017 census were 1,352.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2018 this was 91%, compared to 89% in 2017.

**Going Concern**

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

**FINANCIAL REVIEW**

**Financial Review**

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities. No funds are raised from the public.

The Trust also receives grants for fixed assets from the DfE, which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trust's accounting policies.

During the year ended 31 August 2018, total expenditure (excluding restricted fixed asset funds) of £16,556,223 was covered by recurrent grant funding from the DfE, together with other incoming resources (excluding restricted fixed asset funds and transfers on conversion), of £16,607,740. The excess of income over expenditure for the year (excluding restricted fixed asset funds and funds transferred on conversion) was £51,517.

At 31 August 2018 the net book value of fixed assets was £38,516,092 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

### **Reserves Policy**

The Trustees review the reserve levels of the Trust annually, as part of the budget setting process. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees aim to keep a minimum level of reserves (Unrestricted funds plus GAG) of £3,000,000 which is sufficient to cover two months of expenditure. At the balance sheet date the level of these reserves was £2,961,922. The surplus of funds is being held by the Trustees to cover the uncertainty over future funding and the need for more expansion in the future as TPLT grows as a Multi Academy Trust.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

### **Investment Policy**

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. During the year, day to day management of the surplus funds was delegated to the Executive Principal and Director of Finance within strict guidelines approved by the Board of Trustees.

### **Principal Risks And Uncertainties**

The Board of Trustees has reviewed the major risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Trust are as follows:

**Financial** - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 96% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The implications of National Fairer funding will be carefully considered as the detail becomes clearer.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**Failures in governance and/or management** - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. This area of risk is heightened with the move to multi academy status, the sponsor work that TPLT is undertaking and the potential growth in the number of academies within the group. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

**Reputational** - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection** - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

**Staffing** - the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Trust has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

**PLANS FOR FUTURE PERIODS**

TPLT will continue to strive to provide outstanding education and improve the levels of performance of its students at all levels.

TPLT will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. It will continue to support and expand its initial teacher training function. We are now funded as a Teaching School – NCTL.

TPLT will continue to work with partner schools to improve the educational opportunities for students in the wider community.

We plan, in the secondary schools, to maintain small class sizes with academic outcomes being improved. This will especially be the case in the upper school within English and maths classes.

We will explore developing a primary hub in the Highbridge area in Somerset to support TKASA and assist primary outcomes in that region

Full details of our plans for the future are given in our GO PLT EBS, marketing and culture strategic document, which is available from the Clerk to the Trust.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

**EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

The leadership team plan all potential development changes for the Trust and work in partnership with all stakeholders which includes employees, unions, Local Academy Councillors, Trustees and senior members of staff to communicate and support the Trust and all workforce changes. Changes involving staff terms and conditions are dealt with in accordance with the HR policies in place.

Support for employees with disabilities can be found in the Equal Opportunities policy which can be found on our intranet or through our HR department. Where staff are disabled or become disabled, we encourage them to tell us about their condition so that we can consider what reasonable adjustments or support may be appropriate.



**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**AUDITORS**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 13 December 2018 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'John Richardson', with a long horizontal flourish extending to the right.

**John Richardson  
Chair of Trustees**

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**

---

**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
John Richardson	5	5
Neville Coles	4	5
Victoria Butterfield	4	5
Rod Sibley	5	5
Barry Wratten	4	5
Ian Cook	5	5
Michelle Michael	2	5
Kevin Rooke	0	0

Governance highlights include:

- Key changes to the composition of Trustees. Trustees identified the need significant for a local business executive with strong marketing experience and successfully appointed Michelle Michael during the year
- Trustees are confident in the quality of the data presented. Strict timetabled consideration of financial data is ensured through a planned monitoring of the budget to ensure the trust is on course for an in-year basis but also that a 5 year strategy is developed and updated. Student output data is provided in excellent detail by the chief analytics officer (who provides training for Trustees and Councillors on the use and understanding of dashboard data in addition)
- Annual Timetable. To ensure efficient working the Trustee meetings, Academy Council meetings and sub-committee meetings are coordinated to ensure decisions can be made as effectively as possible backed with supporting data. (For example, business and site meetings at PCSA and WCSA are timed to have reports ready for a Trustee resource committee meeting)
- Skills Audit. The National Governors Association (NGA) model is used by MAT Trustees and AC. This model was recently updated by the NGA to take account of the January 2017 DfE new competency framework for governance. It is planned to use this for recruitment and the provision of trust wide training (e.g. September 2017 using Adele Haysom, a national leader in governance). The Trust uses Academy Ambassadors to assist in the recruitment of Trustee to fill a vacancy.
- Assessment of own performance:
  - Chair of members attended, as an observer, the special meeting to decide on St Anne's and Castle Batch joining the Trust;
  - A full review of governance and governance structures have been undertaken by a senior Trustee and an implementation working group has been set up. Whose work should conclude by Christmas 2018.

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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The Resource Committee has formally met 3 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Victoria Butterfield	3	3
John Richardson	3	3
Rod Sibley	3	3

The Pay Committee has formally met 5 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Victoria Butterfield	3	5
John Richardson	5	5
Rod Sibley	5	5
Barry Wratten	2	3

**REVIEW OF VALUE FOR MONEY**

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

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

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

We are very satisfied that robust financial procedures operate throughout the Trust. These focus on ensuring that we achieve value for money. Sign off limits are set for all orders and requirements for quotations and tender processes are fully detailed in our financial procedures and are rigorously enforced.

The operation of our financial procedures are regularly audited by our Responsible Officer assisted by our auditors with any recommendations for improvements being immediately implemented.

The November 2014 OFSTED report, graded PCSA 'outstanding' in all categories. Our mastery in managing the finances of the school including the additional income we raise through our trading company has ensured that we have had the resources necessary to achieve this grading.

Ultimately, it is parents who decide if we are providing a good service, and they continue to welcome the education we provide which is evidenced in that we continue to be oversubscribed, 377 first choice applications for 300 places in 2018 for PCSA. We are working tirelessly to move towards 3,000 students being educated at TPLT schools in Weston-super-Mare.

Our results, which continue to improve as reflected below, show that we are achieving value for money:

Attainment 8 and Progress 8 are measured across 8 subjects: English, maths, three subjects from the EBACC group (science, modern foreign languages and humanities) and three other subjects. An Attainment 8 score of 50 would indicate an average grade C for the school. Progress 8 scores compare the average Attainment 8 score of each student with the national Attainment 8 score. A positive value means that students have performed better than expected. For example a Progress 8 score of +0.5 would indicate that on average students have achieved half a grade better than would be expected from their Key Stage 2 results. The methods used to calculate Attainment 8 changed from 2016 to 2017, so no direct comparison of these measures should be used.

**GOVERNANCE STATEMENT (continued)**

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We regularly review our staffing structure and deploy staff to target areas of the curriculum that benefit from development and additional support. We endeavour to have smaller class sizes and often provide intervention, one to one support and many extra curricular activities.

Performance of our PCSA disadvantaged students is better than the national average for disadvantaged students. However, in several areas PCSA disadvantaged students perform significantly better than the national average and are in line with the national result for all students. These students at WCSA are not yet performing to these levels but are improving quickly.

We have been successful with grant applications, working with other establishments, and as a result have recently renewed the sport hall flooring, refurbished the sports changing rooms and completed the provision of a health and fitness centre at PCSA. The new Spencer Science Centre at PCSA is being officially opened in October 2017.

We provide support to other schools in the local area and Wales and have been asked by the Regional Schools Commissioner to assist in supporting other schools in the South West.

Where appropriate we utilise experts to guide us in relationship to key purchasing decisions, such as energy, catering, grounds maintenance and compliance contracts.

**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 TPLT for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 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 Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Rod Sibley, a Trustee, to carry out a programme of internal checks.

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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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:

PCSA / WCSA - Payroll and Income January 2018 and Expenditure and Accounting systems May 2018, St Anne's and Castle Batch internal assurance visit June 2018. No significant matters were reported.

On a semi-annual basis, the reviewer reports to the Board of Trustees through the Resource Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

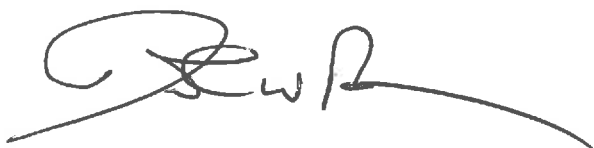
**REVIEW OF EFFECTIVENESS**

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

- the work of the reviewer;
- the work of the external auditors;
- 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 reviewer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13 December 2018 and signed on their behalf, by:



**John Richardson**  
Chair of Trustees



**Neville Coles**  
Accounting Officer

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Priory Learning Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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



**Neville Coles  
Accounting Officer**

Date: 13 December 2018

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

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

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

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



**John Richardson  
Chair of Trustees**

Date: 13 December 2018

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**OPINION**

We have audited the financial statements of The Priory Learning Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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



**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has 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 Trustees' Report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**USE OF OUR REPORT**

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Joseph Scaife FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date:

18/12/18

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education & 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 Priory Learning Trust during the year 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 Priory Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Priory Learning Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Priory Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE PRIORY LEARNING TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Priory Learning Trust's funding agreement with the Secretary of State for Education dated 17 August 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.

*Joseph Scaife*

Joseph Scaife FCA DChA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

Date:

*15/12/18*

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	482,246	(2,063,917)	9,682,300	8,100,629	9,723,170
Other donations and capital grants	2	2,950	12,513	338,832	354,295	450,461
Charitable activities	3	774,812	15,520,705	-	16,295,517	11,420,972
Teaching schools	30	-	102,250	-	102,250	53,000
Other trading activities	4	137,626	52,370	-	189,996	274,136
Investments	5	4,514	-	-	4,514	39,982
<b>TOTAL INCOME</b>		<b>1,402,148</b>	<b>13,623,921</b>	<b>10,021,132</b>	<b>25,047,201</b>	<b>21,961,721</b>
<b>EXPENDITURE ON:</b>						
Raising funds		117,703	-	-	117,703	191,978
Charitable activities		637,611	15,698,659	793,057	17,129,327	11,442,322
Teaching schools	30	-	102,250	-	102,250	53,000
<b>TOTAL EXPENDITURE</b>	6	<b>755,314</b>	<b>15,800,909</b>	<b>793,057</b>	<b>17,349,280</b>	<b>11,687,300</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	646,834	(2,176,988)	9,228,075	7,697,921	10,274,421
		-	(319,854)	319,854	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		646,834	(2,496,842)	9,547,929	7,697,921	10,274,421
Actuarial gains on defined benefit pension schemes	26	-	1,419,000	-	1,419,000	19,000
<b>NET MOVEMENT IN FUNDS</b>		<b>646,834</b>	<b>(1,077,842)</b>	<b>9,547,929</b>	<b>9,116,921</b>	<b>10,293,421</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,272,436	(6,972,938)	29,043,334	23,342,832	13,049,411
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,919,270</b>	<b>(8,050,780)</b>	<b>38,591,263</b>	<b>32,459,753</b>	<b>23,342,832</b>

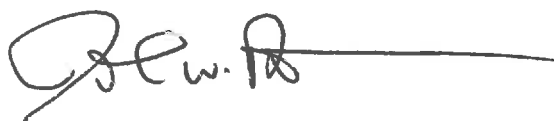
The notes on pages 30 to 58 form part of these financial statements.

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER: 07698707**

**BALANCE SHEET  
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	14		<b>38,516,092</b>		29,043,334
Investments	15		<u>1</u>		<u>1</u>
			<b>38,516,093</b>		29,043,335
<b>CURRENT ASSETS</b>					
Debtors	16	704,132		605,330	
Cash at bank and in hand		<u>3,709,390</u>		<u>2,706,037</u>	
		<b>4,413,522</b>		<b>3,311,367</b>	
<b>CREDITORS:</b> amounts falling due within one year	17	<u>(1,309,862)</u>		<u>(1,266,870)</u>	
<b>NET CURRENT ASSETS</b>			<b>3,103,660</b>		2,044,497
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	26		<u>(9,160,000)</u>		<u>(7,745,000)</u>
<b>NET ASSETS</b>			<b>32,459,753</b>		<b>23,342,832</b>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	19	1,109,220		772,062	
Fixed asset funds	19	<u>38,591,263</u>		<u>29,043,334</u>	
Restricted funds excluding pension liability		<b>39,700,483</b>		<b>29,815,396</b>	
Pension reserve		<u>(9,160,000)</u>		<u>(7,745,000)</u>	
Total restricted funds			<b>30,540,483</b>		22,070,396
Unrestricted funds	19		<u>1,919,270</u>		<u>1,272,436</u>
<b>TOTAL FUNDS</b>			<b>32,459,753</b>		<b>23,342,832</b>

The financial statements on pages 27 to 58 were approved by the Trustees, and authorised for issue, on 13 December 2018 and are signed on their behalf, by:



**John Richardson  
Chair of Trustees**

The notes on pages 30 to 58 form part of these financial statements.

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<b>807,382</b>	762,891
<b>Cash flows from investing activities:</b>			
Gift aid donation from subsidiary		<b>38,253</b>	55,770
Proceeds from the sale of tangible fixed assets		-	12,600
Purchase of tangible fixed assets		<b>(583,515)</b>	(2,594,257)
Capital grants from DfE/ESFA		<b>233,391</b>	2,010,862
Interest received		<b>4,514</b>	1,729
<b>Net cash used in investing activities</b>		<b>(307,357)</b>	(513,296)
<b>Cash flows from conversion to an Academy</b>			
Funds received from the Local Authority on conversion		<b>503,328</b>	547,634
<b>Net cash provided by financing activities</b>		<b>503,328</b>	547,634
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		<b>2,706,037</b>	1,908,808
<b>Cash and cash equivalents carried forward</b>	22	<b>3,709,390</b>	2,706,037

The notes on pages 30 to 58 form part of these financial statements.

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES**

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

**1.1 GENERAL INFORMATION**

The Priory Learning Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Queensway, Weston-super-Mare, BS22 6BP.

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust 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 Priory Learning Trust constitutes a public benefit entity as defined by FRS 102.

**1.3 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of 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 statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 INCOME**

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

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

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

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

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

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

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

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Leasehold property	-	125 years straight line for land and 2% straight line for buildings
Plant, machinery, furniture and fittings	-	15% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	25% straight line

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

Where the Trust has been granted use of school buildings from the Diocese of Bath & Wells under Supplemental Agreements, the Academies Accounts Direction prescribes that where the Academy Trust concludes it has control over access and works of the land and buildings they can be recognised as an asset.

The land and buildings have been included within the long-term property of the Trust as the Diocese of Bath & Wells are currently not exerting control over the assets.

**1.7 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost.

**1.8 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**1.9 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

**1.10 TAXATION**

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

1. ACCOUNTING POLICIES (continued)

1.11 OPERATING LEASES

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

1.12 LIABILITIES AND PROVISIONS

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

1.13 FINANCIAL INSTRUMENTS

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement 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 16. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.14 PENSIONS

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 26, 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.

**1. ACCOUNTING POLICIES (continued)**

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

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

**1.15 CONVERSION TO AN ACADEMY TRUST**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Anne's CEVA Primary School and Castle Batch Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Fixed assets have been included at amounts valued by the Trustees. Pension assets and liabilities have been valued by Mercer Limited.

Further details of the transaction are set out in note 24.

**1.16 GROUP ACCOUNTING**

In preparing the financial statements the Trust has taken the exemption under FRS 102 and has not consolidated the results of the trading subsidiary Priory Community School Enterprises Limited on the basis that these are immaterial to the group. Further information on the trading subsidiary can be found in note 15.

**1. ACCOUNTING POLICIES (continued)**

**1.17 FUND ACCOUNTING**

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

Critical areas of judgment:

The Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Transfer from Local Authority on conversion	<b>482,246</b>	<b>(2,063,917)</b>	<b>9,682,300</b>	<b>8,100,629</b>	9,723,170
Donations	<b>2,950</b>	<b>12,513</b>	<b>-</b>	<b>15,463</b>	18,388
Capital Grants	<b>-</b>	<b>-</b>	<b>338,832</b>	<b>338,832</b>	432,073
	<b>2,950</b>	<b>12,513</b>	<b>338,832</b>	<b>354,295</b>	450,461
	<b>485,196</b>	<b>(2,051,404)</b>	<b>10,021,132</b>	<b>8,454,924</b>	10,173,631
Total 2017	<b>548,634</b>	<b>(2,924,612)</b>	<b>12,549,609</b>	<b>10,173,631</b>	

**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	13,974,729	13,974,729	9,827,953
Start up Grants	-	270,000	270,000	220,800
Other DfE/ESFA grants	-	849,639	849,639	786,448
	<u>-</u>	<u>15,094,368</u>	<u>15,094,368</u>	<u>10,835,201</u>
<b>Other Government grants</b>				
High needs	-	382,537	382,537	78,009
Other government grants non capital	-	43,800	43,800	20,720
	<u>-</u>	<u>426,337</u>	<u>426,337</u>	<u>98,729</u>
<b>Other funding</b>				
Internal catering income	9,354	-	9,354	4,146
Income for hosting trainee teachers	117,283	-	117,283	93,661
Sales to students	-	-	-	8,787
School trips and other	311,071	-	311,071	258,779
Nursery income funded	276,600	-	276,600	94,086
Nursery income unfunded/fee paying	60,504	-	60,504	27,583
	<u>774,812</u>	<u>-</u>	<u>774,812</u>	<u>487,042</u>
	<u>774,812</u>	<u>15,520,705</u>	<u>16,295,517</u>	<u>11,420,972</u>
Total 2017	<u>368,727</u>	<u>11,052,245</u>	<u>11,420,972</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	69,789	-	69,789	64,602
Other	67,837	52,370	120,207	209,534
	<u>137,626</u>	<u>52,370</u>	<u>189,996</u>	<u>274,136</u>
Total 2017	<u>256,950</u>	<u>17,186</u>	<u>274,136</u>	

**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Gift aid donation from subsidiary	2,874	-	2,874	38,253
Bank interest	1,640	-	1,640	1,729
	<u>4,514</u>	<u>-</u>	<u>4,514</u>	<u>39,982</u>
Total 2017	<u>39,982</u>	<u>-</u>	<u>39,982</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Cost of generating funds					
Direct costs	-	-	117,703	117,703	191,978
Support costs	-	-	-	-	-
Education					
Direct costs	7,822,821	793,057	1,276,874	9,892,752	6,811,392
Support costs	4,855,732	937,724	1,443,119	7,236,575	4,630,930
Teaching schools	94,936	-	7,314	102,250	53,000
	<u>12,773,489</u>	<u>1,730,781</u>	<u>2,845,010</u>	<u>17,349,280</u>	<u>11,687,300</u>
Total 2017	<u>8,734,468</u>	<u>1,123,729</u>	<u>1,829,103</u>	<u>11,687,300</u>	



**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**7. DIRECT COSTS**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Pension finance costs	23,046	15,000
Educational supplies	785,396	517,170
Examination fees	171,132	119,740
Staff development	53,749	27,818
School trips and other costs	243,551	128,128
Supply teachers	169,894	123,063
Wages and salaries	6,017,747	4,250,836
National insurance	615,218	421,935
Pension cost	1,019,962	706,199
Depreciation	793,057	501,503
	<u>9,892,752</u>	<u>6,811,392</u>
Total 2017	<u>6,811,392</u>	

**8. SUPPORT COSTS**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Pension finance costs	194,954	127,000
Other costs	38,821	542
Recruitment and support	78,987	55,531
Maintenance of premises and equipment	514,067	379,161
Cleaning	76,572	31,511
Rent and rates	118,634	72,976
Energy costs	228,451	138,446
Insurance	93,140	95,302
Security and transport	26,404	25,802
Catering	129,725	75,918
Technology costs	262,153	102,429
Office overheads	180,403	78,741
Professional fees, including legal, purchased services and subscriptions	402,121	256,834
Bank interest and charges	3,959	2,975
Governance	32,452	17,825
Wages and salaries	3,497,233	2,226,890
National insurance	232,969	159,093
Pension cost	1,125,530	783,954
	<u>7,236,575</u>	<u>4,630,930</u>
Total 2017	<u>4,630,930</u>	

**THE PRIORY LEARNING TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	<b>793,057</b>	501,503
Auditors' remuneration - audit	<b>16,750</b>	11,500
Auditors' remuneration - non audit	<b>2,500</b>	5,525
Operating lease rentals	<b>37,538</b>	3,114
	<u><u>          </u></u>	<u><u>          </u></u>

**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	9,579,481	6,448,322
Social security costs	848,187	581,028
Operating costs of defined benefit pension schemes	2,145,492	1,490,153
	<u>12,573,160</u>	<u>8,519,503</u>
Agency staff costs	169,894	123,063
Staff restructuring costs	30,435	91,902
	<u>12,773,489</u>	<u>8,734,468</u>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are 1 redundancy payment totalling £11,981, 1 payment in lieu of notice totalling £1,173, 1 contractual settlement payment totalling £12,781 and 1 honorarium payment totalling £4,500 (2017: 8 redundancy payments totalling £45,685, 3 payments in lieu of notice totalling £40,818 and 1 contractual settlement payment totalling £5,400).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	171	95
Administration and Educational Support	401	196
Management	31	19
	<u>603</u>	<u>310</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	151	89
Administration and Educational Support	226	112
Management	31	18
	<u>408</u>	<u>219</u>

**THE PRIORY LEARNING TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**10. STAFF COSTS (continued)**

**d. Higher paid staff**

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	<b>4</b>
In the band £70,001 - £80,000	<b>2</b>	<b>2</b>
In the band £80,001 - £90,000	<b>1</b>	<b>1</b>
In the band £110,000 - £120,000	<b>1</b>	<b>1</b>

**e. Key management personnel**

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role of Trustees) and some of the Leadership Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £349,740 (2017: £356,487).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

**11. TRUSTEES' REMUNERATION AND EXPENSES**

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Principal and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: N Coles: Remuneration £110,000 - £115,000 (2017: £110,000 - £115,000), Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000).

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, 1 Trustee received reimbursement of expenses totalling £57 (2017: £186 to 1 Trustee).

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**12. CENTRAL SERVICES**

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

- Governance
- Accounting
- Financial services
- Procurement of trust-wide contracts
- Premises support
- Educational support
- Marketing and branding
- HR legal services

The Trust charges for these services on the following basis:

5% of General Annual Grant (GAG) income for the year.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Priory Community School Academy	300,872	399,826
Worle Community School Academy	332,712	57,137
Castle Batch Primary School Academy	31,939	-
St Anne's Church Academy	25,333	-
Total	<u>690,856</u>	<u>456,963</u>

**13. TRUSTEES' AND OFFICERS' INSURANCE**

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property £	Plant, machinery, furniture and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>COST</b>						
At 1 September 2017	30,059,878	-	461,299	56,237	528,727	31,106,141
Additions	488,417	-	18,816	-	76,282	583,515
Assets transferred on conversion	-	9,682,300	-	-	-	9,682,300
At 31 August 2018	<u>30,548,295</u>	<u>9,682,300</u>	<u>480,115</u>	<u>56,237</u>	<u>605,009</u>	<u>41,371,956</u>
<b>DEPRECIATION</b>						
At 1 September 2017	1,548,409	-	169,535	30,577	314,286	2,062,807
Charge for the year	549,833	75,966	71,621	12,831	82,806	793,057
At 31 August 2018	<u>2,098,242</u>	<u>75,966</u>	<u>241,156</u>	<u>43,408</u>	<u>397,092</u>	<u>2,855,864</u>
<b>NET BOOK VALUE</b>						
At 31 August 2018	<u>28,450,053</u>	<u>9,606,334</u>	<u>238,959</u>	<u>12,829</u>	<u>207,917</u>	<u>38,516,092</u>
At 31 August 2017	<u>28,511,469</u>	-	<u>291,764</u>	<u>25,660</u>	<u>214,441</u>	<u>29,043,334</u>

**15. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 September 2017 and 31 August 2018	<u>1</u>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

Name	Holding
Priory Community School Enterprises Limited	100%

The aggregate of the share capital and reserves as at 31 August 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Priory Community School Enterprises Limited	<u>1</u>	<u>2,874</u>

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**15. FIXED ASSET INVESTMENTS (continued)**

**TRANSACTIONS**

During the year ended 31 August 2018 The Priory Learning Trust (TPLT) was reimbursed £47,732 (2017: £185,497) by Priory Community School Enterprises Limited (PCSE) for expenditure (including staff costs) paid for by TPLT. PCSE paid TPLT the agreed charge of £500 (2017: £1,000) for the use of the facilities and at the year end the Academy Trust accrued £2,874 (2017: £38,253) as a Gift Aid donation from PCSE. At the year end the Academy Trust was owed £8,774 (2017: £84,340).

**16. DEBTORS**

	2018 £	2017 £
Trade debtors	63,402	22,077
Amounts owed by group undertakings	8,774	84,340
VAT recoverable	57,098	72,484
Prepayments and accrued income	574,858	426,429
	<u>704,132</u>	<u>605,330</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	20,947	-
Other taxation and social security	251,091	204,995
Other creditors	231,141	170,091
Accruals and deferred income	806,683	891,784
	<u>1,309,862</u>	<u>1,266,870</u>

	2018 £	2017 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	100,102	52,024
Resources deferred during the year	306,615	100,102
Amounts released from previous years	(100,102)	(52,024)
Deferred income at 31 August 2018	<u>306,615</u>	<u>100,102</u>

At the balance sheet date the Academy was holding ESFA funding and school trips income received in advance for the 2018-19 academic year.

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18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>4,156,406</u>	<u>3,078,151</u>
Financial liabilities measured at amortised cost	<u>(541,962)</u>	<u>(792,970)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by subsidiaries and accrued income.

Financial liabilities measured at amortised cost comprise accrued expenditure and trade and other creditors.



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**19. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>UNRESTRICTED FUNDS</b>						
General Funds	1,243,722	1,065,044	(418,210)	-	-	1,890,556
Nursery	28,714	337,104	(337,104)	-	-	28,714
	<u>1,272,436</u>	<u>1,402,148</u>	<u>(755,314)</u>	<u>-</u>	<u>-</u>	<u>1,919,270</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	675,386	13,974,729	(13,382,795)	(274,189)	-	993,131
High Needs	-	382,537	(382,537)	-	-	-
Pupil Premium	85,878	687,123	(735,212)	-	-	37,789
Other LA income	8,825	43,800	(52,625)	-	-	-
Start up grants	-	270,000	(203,432)	-	-	66,568
NLE Bursary	-	6,000	(6,000)	-	-	-
Other restricted funds	-	58,203	(58,203)	-	-	-
Devolved Formula Capital	-	81,251	(35,586)	(45,665)	-	-
Other ESFA funding	1,973	103,028	(93,269)	-	-	11,732
Teaching school	-	102,250	(102,250)	-	-	-
Pension reserve	(7,745,000)	(2,085,000)	(749,000)	-	1,419,000	(9,160,000)
	<u>(6,972,938)</u>	<u>13,623,921</u>	<u>(15,800,909)</u>	<u>(319,854)</u>	<u>1,419,000</u>	<u>(8,050,780)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	22,406,354	9,682,300	(492,840)	-	-	31,595,814
Fixed assets purchased from GAG, DfE/ESFA and other Government Capital grants	4,160,451	-	(250,152)	319,854	-	4,230,153
Fixed assets purchased from CIF Grant	2,476,529	338,832	(50,065)	-	-	2,765,296
	<u>29,043,334</u>	<u>10,021,132</u>	<u>(793,057)</u>	<u>319,854</u>	<u>-</u>	<u>38,591,263</u>
Total restricted funds	<u>22,070,396</u>	<u>23,645,053</u>	<u>(16,593,966)</u>	<u>-</u>	<u>1,419,000</u>	<u>30,540,483</u>
Total of funds	<u>23,342,832</u>	<u>25,047,201</u>	<u>(17,349,280)</u>	<u>-</u>	<u>1,419,000</u>	<u>32,459,753</u>

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

**RESTRICTED FUNDS**

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received from the Local Authority to fund further support for students with additional needs.

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**19. STATEMENT OF FUNDS (continued)**

Pupil Premium - Funding represents amounts received from the ESFA for children that qualify for free school meals to enable the Academy to address current underlying inequalities between those children and their wealthier peers.

Other LA Income - Additional funding received from the Local Authority.

Start up grants - One off funding received from the ESFA to contribute to the cost of converting from a school to an Academy.

Sponsor capacity fund - Income received from the ESFA to sponsor one or more underperforming schools.

NLE bursary - Income received from the ESFA to contribute to the Teaching School status of the Academy Trust.

Worle Community School - Income received from Worle Community School to contribute to the costs of staff seconded to the school during term 6.

Other restricted funds - Income received from school trip contributions, staff recoveries, and other donations.

Devolved Formula Capital - Funding received from the ESFA to cover the maintenance and purchase of the Academy Trust's assets.

Taunton Teaching Alliance - Funding received to cover costs of providing additional revisions sessions to improve pupil achievement.

Trust Grants - Funding received to support the establishment of The Priory Learning Trust.

Teaching school - Funding received in order to provide high-quality training, development and support to new and experienced school staff.

Other ESFA funding - Other grants received from the ESFA towards Universal Infant Free School Meals (UIFSM), Year 7 Catch Up funding, and PE Sport funding.

Pension reserve - Represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

**FIXED ASSET FUNDS**

Fixed assets transferred on conversion to an Academy represent the land, buildings and equipment donated to the school from North Somerset Council.

Fixed assets purchased from GAG and other restricted funds represents amounts spent on fixed assets from the GAG and other funding received from the ESFA and other sources.

Fixed assets purchased from CIF funding represents the amounts received for various capital projects, including a new Science Block.

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**19. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Priory Community School Academy	958,680	739,460
Worle Community School Academy	1,072,691	993,778
Castle Batch Primary School Academy	326,305	-
St Anne's Church Academy	365,006	-
Central services	305,808	311,260
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,028,490	2,044,498
Restricted fixed asset fund	38,591,263	29,043,334
Pension reserve	(9,160,000)	(7,745,000)
	<hr/>	<hr/>
Total	<b>32,459,753</b>	<b>23,342,832</b>

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Priory Community School Academy	3,202,075	1,949,747	248,707	1,354,692	6,755,221	7,017,304
Worle Community School Academy	3,790,789	1,809,123	332,985	1,110,134	7,043,031	3,647,740
Castle Batch Primary School Academy	382,750	307,511	12,898	138,561	841,720	-
St Anne's Church Academy	255,459	337,814	38,247	130,096	761,616	-
Central Services	286,685	451,536	152,559	263,855	1,154,635	520,753
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>7,917,758</b>	<b>4,855,731</b>	<b>785,396</b>	<b>2,997,338</b>	<b>16,556,223</b>	<b>11,185,797</b>

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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>GENERAL FUNDS</b>						
General Funds	889,350	1,092,624	(738,252)	-	-	1,243,722
Nursery	28,714	121,669	(121,669)	-	-	28,714
	<u>918,064</u>	<u>1,214,293</u>	<u>(859,921)</u>	<u>-</u>	<u>-</u>	<u>1,272,436</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	35,364	9,827,953	(8,994,020)	(193,911)	-	675,386
High Needs	-	78,009	(78,009)	-	-	-
Pupil premium	33,357	472,192	(419,671)	-	-	85,878
Other LA income	-	20,720	(11,895)	-	-	8,825
Start up grants	-	300,800	(220,800)	(80,000)	-	-
Sponsor capacity fund	7,573	-	(7,573)	-	-	-
Teaching schools grant	60,000	53,000	(113,000)	-	-	-
NLE Bursary	3,000	6,000	(9,000)	-	-	-
Worle Community School	-	118,315	(118,315)	-	-	-
Other restricted funds	-	34,574	(34,574)	-	-	-
Devolved Formula Capital	38,921	39,690	(14,366)	(64,245)	-	-
Taunton Teaching Alliance	-	12,500	(12,500)	-	-	-
Trust grants	-	150,000	(150,000)	-	-	-
Other ESFA funding	5,060	26,066	(29,153)	-	-	1,973
Pension reserve	(4,709,000)	(2,942,000)	(113,000)	-	19,000	(7,745,000)
	<u>(4,525,725)</u>	<u>8,197,819</u>	<u>(10,325,876)</u>	<u>(338,156)</u>	<u>19,000</u>	<u>(6,972,938)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	10,596,441	12,117,536	(307,623)	-	-	22,406,354
Fixed assets purchased from GAG, DfE/ESFA and other Government Capital grants	3,584,102	432,073	(193,880)	338,156	-	4,160,451
Fixed assets purchased from CIF Grant	2,476,529	-	-	-	-	2,476,529
	<u>16,657,072</u>	<u>12,549,609</u>	<u>(501,503)</u>	<u>338,156</u>	<u>-</u>	<u>29,043,334</u>
Total restricted funds	<u>12,131,347</u>	<u>20,747,428</u>	<u>(10,827,379)</u>	<u>-</u>	<u>19,000</u>	<u>22,070,396</u>
Total of funds	<u>13,049,411</u>	<u>21,961,721</u>	<u>(11,687,300)</u>	<u>-</u>	<u>19,000</u>	<u>23,342,832</u>

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	38,516,092	38,516,092
Fixed asset investments	1	-	-	1
Current assets	1,919,269	2,419,082	75,171	4,413,522
Creditors due within one year	-	(1,309,862)	-	(1,309,862)
Pension scheme liability	-	(9,160,000)	-	(9,160,000)
	<u>1,919,270</u>	<u>(8,050,780)</u>	<u>38,591,263</u>	<u>32,459,753</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	29,043,334	29,043,334
Fixed asset investments	1	-	-	1
Current assets	1,300,565	1,423,359	587,443	3,311,367
Creditors due within one year	(28,130)	(651,297)	(587,443)	(1,266,870)
Pension scheme liability	-	(7,745,000)	-	(7,745,000)
	<u>1,272,436</u>	<u>(6,972,938)</u>	<u>29,043,334</u>	<u>23,342,832</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	7,697,921	10,274,421
<b>Adjustment for:</b>		
Depreciation charges	793,057	501,503
Gift aid donation from subsidiary	(2,874)	(38,253)
Interest income	(4,514)	(1,729)
Increase in debtors	(28,740)	(294,674)
Increase in creditors	42,992	363,866
Capital grants from DfE and other capital income	(338,832)	(432,073)
Defined benefit pension scheme cost less contributions payable	531,000	(29,000)
Defined benefit pension scheme finance cost	218,000	142,000
Net assets and liabilities transferred from local authority on conversion	(8,100,628)	(9,723,170)
<b>Net cash provided by operating activities</b>	<u>807,382</u>	<u>762,891</u>

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**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2018</b>	2017
	<b>£</b>	£
Cash at bank and in hand	<b>3,709,390</b>	2,706,037
	<b><u>3,709,390</u></b>	<u>2,706,037</u>

**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.

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**24. CONVERSION TO AN ACADEMY TRUST**

On 1 April 2018 Castle Batch Primary School and St Anne's CEVA Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priory Learning Trust from North Somerset for £NIL consideration.

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

Land and buildings have been included in the accounts at an estimation of their value at the date of conversion.

LGPS pension deficits has been included based on the valuation provided by the actuary.

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

**Castle Batch Primary School**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	4,729,500	4,729,500
Budget surplus/(deficit) on LA funds	258,260	4,150	-	262,410
Budget surplus/(deficit) on other school funds	-	11,612	-	11,612
LGPS pension deficit	-	(1,427,000)	-	(1,427,000)
Net assets/(liabilities)	<u>258,260</u>	<u>(1,411,238)</u>	<u>4,729,500</u>	<u>3,576,522</u>

The above net assets include £274,022 that was transferred as cash.

**St Anne's CEVA Primary School**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	4,952,800	4,952,800
Budget surplus/(deficit) on LA funds	195,861	-	-	195,861
Budget surplus/(deficit) on other school funds	28,125	5,320	-	33,445
LGPS pension deficit	-	(658,000)	-	(658,000)
Net assets/(liabilities)	<u>223,986</u>	<u>(652,680)</u>	<u>4,952,800</u>	<u>4,524,106</u>

The above net assets include £229,306 that were transferred as cash.

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**25. CAPITAL COMMITMENTS**

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>269,583</u>	<u>84,731</u>

**26. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bath and North East Somerset Council. Both are multi-employer Defined Benefit Pension Schemes.

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

Contributions amounting to £231,141 were payable to the schemes at 31 August 2018 (2017: £168,803) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 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.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.



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**26. PENSION COMMITMENTS (continued)**

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

The employer's pension costs paid to TPS in the period amounted to £1,415,492 (2017: £604,372).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £944,000 (2017: £915,000), of which employer's contributions totalled £730,000 (2017: £915,000) and employees' contributions totalled £214,000 (2017: £152,000). The agreed contribution rates for future years are 13.9% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.40 %
Rate of increase in salaries	3.60 %	3.40 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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

	2018	2017
Retiring today		
Males	23.6 years	23.5 years
Females	26.1 years	26.0 years
Retiring in 20 years		
Males	26.2 years	26.0 years
Females	28.8 years	28.7 years

	At 31 August 2018	At 31 August 2017
	£	£
<b>Sensitivity analysis</b>		
Discount rate +0.1%	339,000	268,000
Mortality assumption - 1 year increase	(266,000)	(217,000)
CPI rate +0.1%	(348,000)	(275,000)

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**26. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,348,000	2,268,000
Government bonds	694,000	512,000
Other bonds	736,000	352,000
Property	555,000	403,000
Cash	227,000	165,000
Other	1,424,000	879,000
	<u>5,984,000</u>	<u>4,579,000</u>

The actual return on scheme assets was £249,000 (2017: £300,000).

The amounts recognised in the Statement of financial activities are as follows:

	2018 £	2017 £
Current service cost	(1,237,000)	(819,000)
Past service cost	-	(61,000)
Interest income	106,000	60,000
Interest cost	(324,000)	(202,000)
Loss on curtailment	(24,000)	(6,000)
	<u>(1,479,000)</u>	<u>(1,028,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	12,324,000	7,141,000
Upon conversion	2,372,000	3,783,000
Current service cost	1,237,000	819,000
Interest cost	324,000	202,000
Employee contributions	214,000	152,000
Actuarial (gains)/losses	(1,292,000)	200,000
Benefits paid	(59,000)	(40,000)
Losses on curtailments	24,000	6,000
Past service costs	-	61,000
	<u>15,144,000</u>	<u>12,324,000</u>

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**26. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	4,579,000	2,432,000
Upon conversion	287,000	841,000
Interest income	123,000	72,000
Actuarial gains	127,000	219,000
Employer contributions	730,000	915,000
Employee contributions	214,000	152,000
Benefits paid	(59,000)	(40,000)
Administration expenses	(17,000)	(12,000)
	<u>5,984,000</u>	<u>4,579,000</u>

**27. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	51,183	37,538
Between 1 and 5 years	62,912	65,289
Total	<u>114,095</u>	<u>102,827</u>

**28. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the Board of Trustees 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.

During the year The Priory Learning Trust made purchases of £1,818 from Grand Pier Limited of which a Trustee, M Michael, is a director and shareholder. At the year end The Priory Learning Trust owed Grand Pier Limited £Nil.

During the year there were various transactions with the Academy's subsidiary company as described in note 15.

**29. POST BALANCE SHEET EVENTS**

On 1 October 2018, The King Alfred School joined the Trust.

**THE PRIORY LEARNING TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**30. TEACHING SCHOOL TRADING ACCOUNT**

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME</b>				
<b>DIRECT INCOME</b>				
Teaching school grants	<b>102,250</b>		53,000	
<b>TOTAL INCOME</b>		<b>102,250</b>		53,000
<b>EXPENDITURE</b>				
<b>DIRECT EXPENDITURE</b>				
Direct staff costs	<b>94,936</b>		53,000	
Other expenditure	<b>7,314</b>		-	
<b>TOTAL DIRECT EXPENDITURE</b>	<b>102,250</b>		<b>53,000</b>	
<b>TOTAL EXPENDITURE</b>		<b>102,250</b>		53,000
<b>SURPLUS FROM ALL SOURCES</b>		<b>-</b>		<b>-</b>