



THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST
2017**

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017

Members

Bryan Millar (appointed 5 October 2016)
Emma Hendry (appointed 5 October 2016)
Mark Mon-Williams (appointed 5 October 2016)
Yasmin Hussein (appointed 5 October 2016, resigned 18 May 2017)
Cameron Taylor (appointed 5 October 2016, resigned 18 May 2017)

Trustees

Yasmin Hussein (appointed 5 October 2016, resigned 18 May 2017)
Jonathan Hipkin (appointed 5 October 2016, resigned 7 December 2016)
Ros Garside, Chair (appointed 5 October 2016)
Khalid Sheikh (appointed 5 October 2016, resigned 18 May 2017)
Javed Ahmed (appointed 5 October 2016)
Samantha Keighley (appointed 5 October 2016)
Vivien Dean (appointed 5 October 2016, resigned 18 May 2017)
Kevin Holland, Accounting Officer (appointed 22 May 2017)
Ashfaq Rahman (appointed 19 September 2017)
Margaret Smith (appointed 19 September 2017)

Company registered number

10410830

Company name

The Priestley Academy Trust

Principal and registered office

Green Lane Primary School, Green Lane, Bradford, West Yorkshire, BD8 8HT

Accounting Officer

Kevin Holland

Senior management team

Kevin Holland, Chief Executive Officer
Tracey Parry, Chief Operating Officer
Michael Horrocks, Chief Financial Officer

Independent auditors

BHP LLP, New Chartford House, Centurion Way, Cleckheaton, West Yorkshire, BD19 3QB

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2017

Advisers (continued)

Bankers

Lloyds Bank PLC, Hustlergate, Bradford, BD1 1NT

Solicitors

Browne Jacobson LLP, Castle Meadow Road, Nottingham, NG2 1BJ

Legal Services Department, City of Bradford MDC, City Hall, Bradford, BD1 1HY

THE PRIESTLEY ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees present their report together with the financial statements and auditor's report of the academy trust for the period 5 October 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The academy trust operates five primary academies in the Manningham district of Bradford. Its academies have a combined pupil capacity of 2,165 in the school census of October 2017.

The five schools in the academy trust are:

- Atlas Primary School, BD8 8DL, joined 1 December 2016
- Green Lane Primary School, BD8 8HT, joined 1 December 2016
- Lilycroft Primary School, BD9 5AD, joined 1 February 2017
- Margaret McMillan Primary School, BD9 5DF, joined 1 February 2017
- Westbourne Primary School, BD8 7PL, joined 1 February 2017

Structure, Governance and Management

The Priestley Academy Trust was established in December 2016 with the strategic aim of improving the life chances of young people in the Manningham area of Bradford. Founder members and Trustees with relevant experience of education and the local community were selected as well as members with a wider perspective, and national and international credentials.

The Manningham community faces many social and economic challenges and within the first few months of the trust's operations it became evident that among the members and Trustees there were very different views of how the trust's strategic aims should and could be delivered. These differing views led to a number of members and Trustees resigning their positions in June 2017.

The remaining Members and Trustees, along with the CEO and Headteachers at each of the trust's academies are fully committed to the core purpose of the academy trust and are continuing to develop and implement plans to deliver the aims and objectives.

The Members and remaining Trustees understand the need to strengthen Board membership and began a process in July 2017 to appoint new Trustees and Members who would bring additional skills and expertise to the academy trust. Two new Trustees were in place in time for the board meeting in October 2017. An active recruitment process is continuing to fill the final Trustee vacancy on the academy trust board and to recruit two new founder Members. The Members and Trustees will as a matter of course at all times seek to recruit new Trustees to the Board where there has been an identified need for new skills, expertise and experience.

Structure, governance and management

a. Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The academy trust's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Trustees of The Priestley Academy Trust are also the directors of the academy trust for the purpose of company law. The charitable company is known as The Priestley Academy Trust.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Details of the Trustees who served during the period are included in the reference and administrative details on page 1.

The academy trust was incorporated on 5 October 2016 and commenced trading on that date.
The principal object of the academy trust is to advance for the public benefit education in the United Kingdom.

b. Members' liability

Each member of the academy trust undertakes to contribute to the assets of the academy trust in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. Trustees' indemnities

The academy trust is a member of the DfE Academy Risk Protection scheme which provides cover to protect Trustees from claims arising again negligent acts, errors or omissions occurring whilst on academy trust business.

d. Method of recruitment and appointment or election of Trustees

The Articles of Association and Funding Agreement are the primary documents that govern the appointment of Trustees. These allow for the members to appoint up to seven Trustees to the board of the academy trust.

The academy trust operates Local Governing Boards within its schools and each of these must have a minimum of two parent governors. Were the academy trust to amend its structure so that Local Governing Boards were no longer established at academy trust schools, then Article 53 requires that two parent Trustees shall be appointed to the academy trust board by way of an appropriate election process.

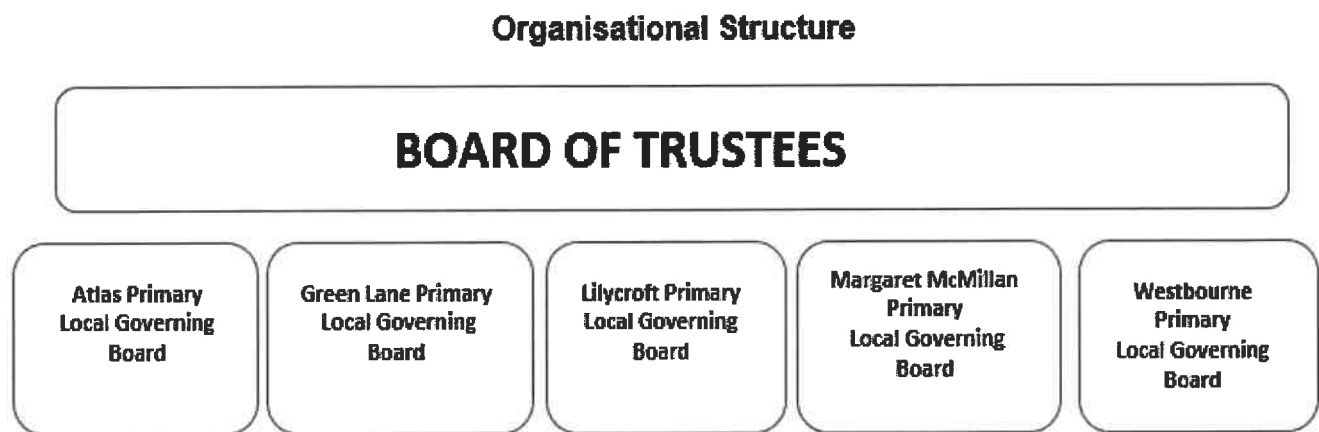
Article 58 permits the Trustees to co-opt further Trustees to the board subject to certain eligibility criteria. In the period covered by these statements there were no co-opted Trustees appointed.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the CEO or any post held ex-officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected in accordance with the Articles of Association.

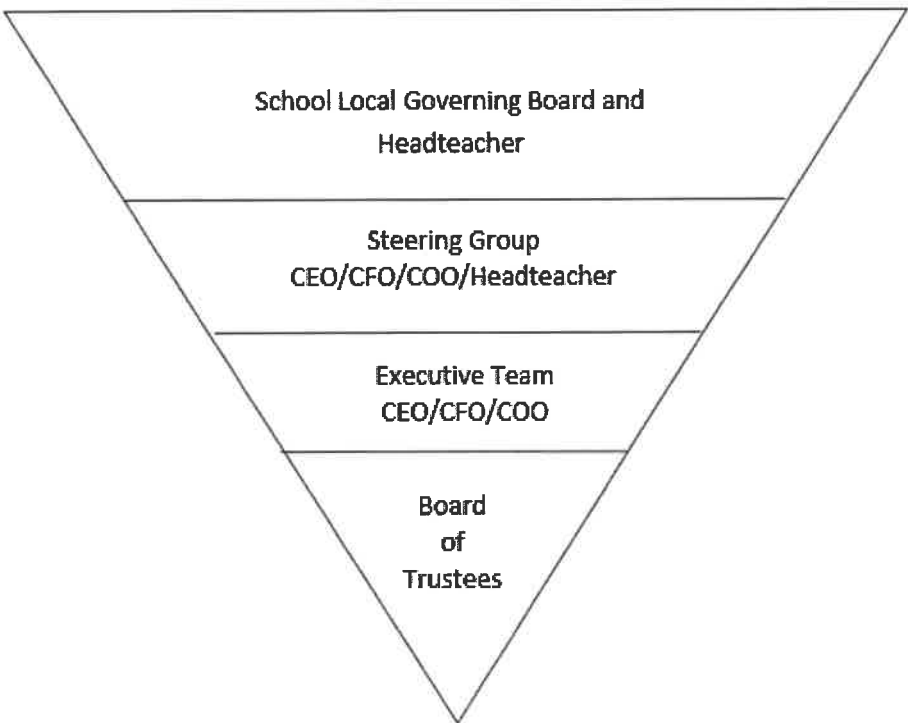
e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. 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. All Trustees are given access to the relevant areas of the academy trust IT system where they can gather information, in addition to being made aware of external agencies and websites that provide information relevant to their role. As Governor appointments within any one year may be few in number, induction is carried out at school level and is tailored specifically to the individual.

f. Organisational structure



The strategic development and operational structure can be represented by



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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

During the year the academy trust operated a management structure that consisted of five levels: Founder Members, the Board of Trustees, The Trust Executive Team, Steering Group, School Local Governing Boards and School Headteachers. The Trustees:

- Are responsible for the overall strategic direction of the academy trust.
- Are required to ensure the academy trust complies with
 - Company Law & Regulations.
 - Charity Law & Regulations.
 - Statutes and Regulations issued by National Government via the DfE, ESFA and other relevant agencies.
- Ensure the academy trust operates in a manner that delivers an appropriate and effective stewardship of public funds.
- Appoint an Accounting Officer.

This is achieved via the development of appropriate policies, procedures and practices which are implemented by the Executives of the Trust i.e. the CEO, CFO and COO.

The Board of Trustees monitors the performance of the academy trust and its compliance with relevant laws and regulations through

- A series of sub-committees focussed on specific areas of operations
- The engagement of external third parties to undertake independent review and verification (e.g. external audit; external consultant)

The Executive Team is led by the CEO and comprises

- The Chief Executive Officer
- The Chief Finance Officer
- The Chief Operating Officer

g. Connected organisations, including related party relationships

All five schools in the academy trust are members of the SHINE partnership, which is a wider group of Bradford based Primary Schools whose aim is to provide a mechanism for sharing good practice and co-ordinating training opportunities in order to raise standards.

The academy trust provides an administration service to the SHINE partnership the costs of which are met by contributions from the other SHINE member schools.

The funds held by the academy trust at 31 August 2017 do not include any funds relating to SHINE operations.

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

Arrangements for setting the pay and remuneration of the academy trust's key management personnel are in accordance with the academy trust pay policy which has been agreed by the Board of Trustees. The academy trust follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The academy trust's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document. The academies adhere to Local Government pay arrangements for support staff and follow the Local Government pay spine.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Objectives and Activities

a. Objects and aims

The Priestley Academy Trust was formed on 1 December 2016 with two schools:

Green Lane Primary School

Atlas Primary School

Three further schools joined in February 2017:

Westbourne Primary School

Lilycroft Primary School

Margaret McMillan Primary School

Mission and core principles

All the schools in The Priestley Academy Trust are effective, outward-looking learning communities with core strengths relating to leadership and partnership working. Leaders in these schools are committed to providing the very best education and care for the children in the each of the schools. We have wide horizons and are innovative in our approaches to provide high quality education.

Ethos

The Priestley Academy Trust is a dynamic community hub for leadership and learning through our inspirational 'Be the Change' ethos. The vision is to offer an outstanding, holistic, transformational learning experience for each student with a strong emphasis on academic excellence, character development and public service. Our pupils are offered a broad based educational curriculum, taught by inspiring and dynamic teachers and offered tailored support within a school ethos characterised by ambition, mutual respect and compassion and an approach that involves working in partnership with parents/carers. Students are provided with opportunities to secure the highest levels of academic achievement and personal development so that they are prepared for life (within the family and community), for further learning and for work. All involved in the academy trust have a proven track record in their respective fields i.e. the teachers, Trustees and Members and, combined, the strengths of the group will help overcome the disadvantage faced by children who face multiple socio/economic disadvantage in Bradford.

Mission

Our mission is to develop all our students as academic and as well rounded, characterful young people, equipped with the understanding, attitudes, skills and behaviours necessary to succeed in life. We strive to ensure they are prepared to succeed in higher education, employment, entrepreneurship and within the family by offering a holistic educational experience.

Values

Our five core values are: Respect, Responsibility, Excellence, Compassion and Collaboration. They are based on a belief in the human dignity of all and on achieving academic excellence within a disciplined, creative, inclusive, learning environment, where high expectations are the norm and where each student is supported to reach their potential. Our students are encouraged to develop a passion for active, self-learning, for global citizenship and public service. Appropriate assessment, monitoring and data analysis will form the basis of individualised learning plans for all students. We are convinced that a whole school approach to our values enables each student to feel safe, nurtured and included. It encourages learning to be purposeful and relevant. Students thereby flourish, becoming highly motivated, active learners concerned not only with their personal success, academically and otherwise, but that of their peers too. They realise they can make a positive difference to their own lives, to their community and to their world through who they are and how they chose to act. They experience the benefits of collaborative working and of diversity. By establishing this powerful and distinct value based ethos, the academy trust is helping develop students to become more aspirational, ethical, critical thinkers with strong communication and dialogue skills, able to understand the implications of their choices and to behave more responsibly.

Our whole school values based approach is evident in many ways, including through our recruitment of outstanding, innovative and committed staff that inspire and motivate students to learn through excellent teaching and pastoral support, by offering diverse opportunities for learning through a broad and balanced curriculum, by offering personalised learning and support and by offering a range of exciting, enrichment activities.

b. Activities for achieving objectives

The Priestley Academy Trust has a transparent leadership structure, clear levels of accountability, with three distinct boards:

1. Local Governing Board (each School)
2. Board of Trustees
3. Board of Members

Every member of each board are specifically recruited for the skills and expertise they can bring to the academy trust and the difference they can make towards ensuring its success. Their roles within the academy trust are clearly defined, from school improvement to financial accountability and "value for money".

This will be achieved through a clear focus on:

1. Structures and systems
2. Robust financial accountability processes
3. Scrutiny of economies of scale and effective use of resources

The responsibilities for each board is clearly defined in The Priestley Academy Trust's scheme of delegation. This scheme takes account of the requirements of the converting "founder" schools as opposed to the requirements of sponsored schools as the boards recognise that the needs of schools joining us later may differ depending on their position at the time of conversion.

c. Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy trust should undertake.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

d. Main activities undertaken to further the charity's purposes for the public benefit

The academies offer an education to the whole local community; encouraging good educational standards and an engagement with the wider community.

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

Strategic report

Achievements and performance

a. Key performance indicators

Context

92.6% of pupils have English as an additional language.

Very high percentage of pupils live in what is described as a highly deprived area. 30% of the pupils live in LSOA (lowest super output area).

Vast majority of pupils from Pakistani heritage.

23.9% pupils disadvantaged.

19.2% eligible for free school meals, but this under represents the deprivation in the area.

This represents a significant under-claim for FSM due to families living outside the tax economy.

Achievements and performance

Overall this summer there has been improvement across The Priestley Academy Trust. It should be noted, however, that the trust formed with Green Lane and Atlas in December 2016, with Lilycroft, Westbourne and Margret McMillan joining in February 2017. There are some disappointments, which the trust and schools will work hard to rectify in our first full year 2017 – 2018.

Early Years and Foundation Stage

Children typically enter the 'Early Years Foundation Stage' (EYFS) well below levels of children of similar age. They are given a good start in Foundation Stage in all our schools.

The trust is required to provide data on the children. This is measured against the outcomes of the children and reported as 'Good Level of Development' (GLD) which has improved each year since 2013 and the gap to national average is closing. The rate of improvement to GLD is faster than the rate of improvement nationally.




The trust had upward trend for both GLD and mean scores.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

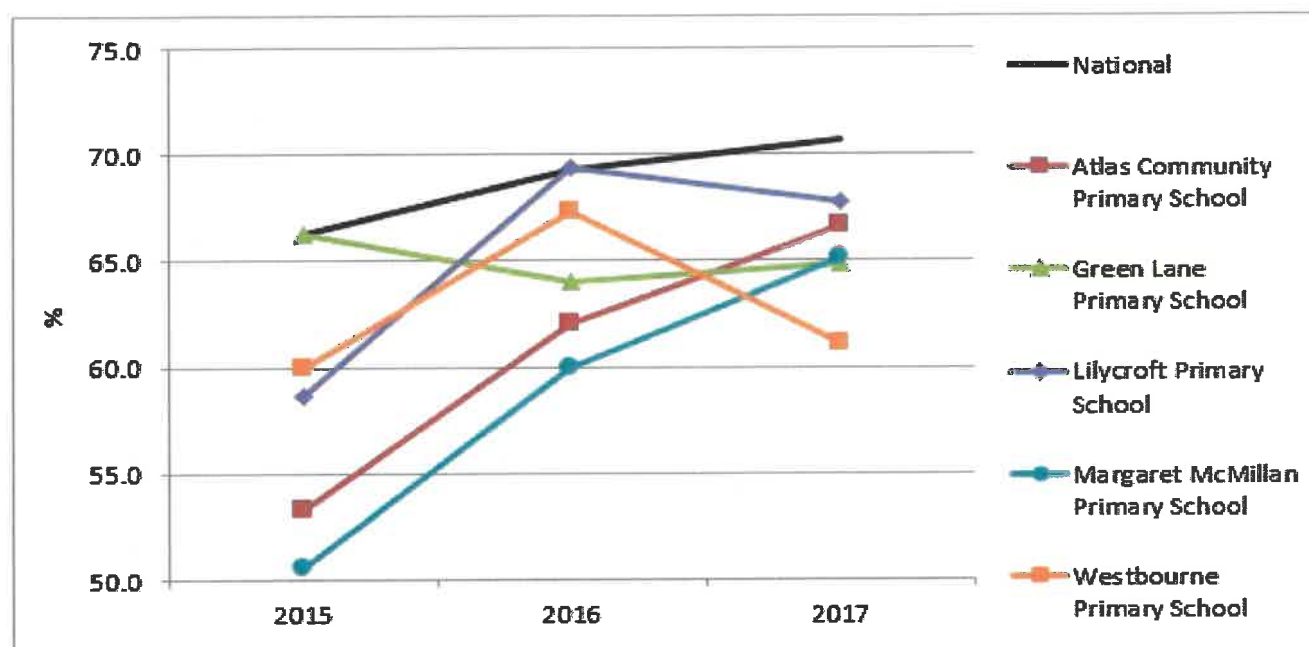
Estab Number	School	% Achieving GLD			Average Point Score (APS)		
		2015	2016	2017	2015	2016	2017
3802184	Atlas Community Primary School	53.3	62.1	66.7	28.8	32.6	34.7
3802034	Green Lane Primary School	66.3	64.0	64.9	32.6	30.2	30.9
3802044	Lilycroft Primary School	58.6	69.4	67.8	33.2	33.7	33.4
3802179	Margaret McMillan Primary School	50.6	60.0	65.1	28.4	27.3	30.9
3802193	Westbourne Primary School	60.0	67.3	61.1	31.3	31.6	31.4
	National	66.3	69.3	70.7	34.3	34.5	34.5

Overall Priestley Academy Trust – Early Years Foundation Stage

Subject	Cohort	2015	2016	2017	% Change	2015 to 2017	2017 National vs. MAT
EYFSP							
% GLD	303	58.1	64.4	65.0	↑ 7.0		
Mean		30.9	30.6	31.8	↑ 0.9		

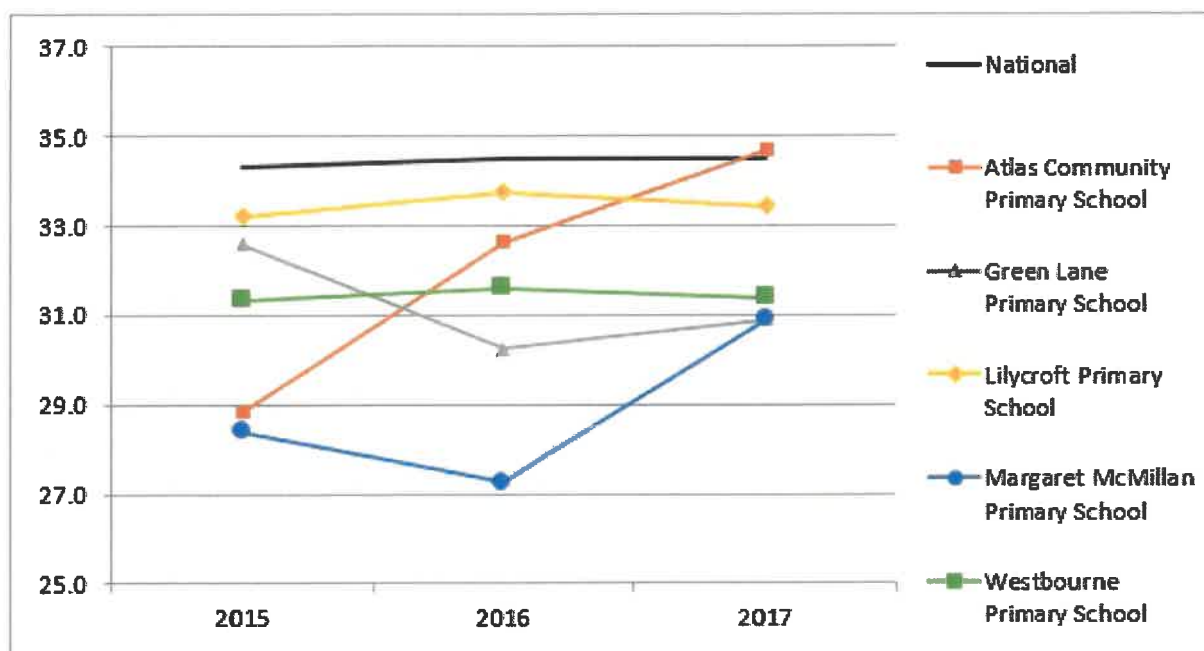
Priestley Academy Trust – Early Years Foundation Stage

Individual Schools' Good Level of Development (GLD)



Priestley Academy Trust – Early Years Foundation Stage

Individual Schools' Average Point Score (APS)



Although most of our schools are showing improvement, we will need to close the gap on the national average

Year 1 Phonics attainment:

Phonics is a strength across the MAT with the majority of pupils at or above standard.

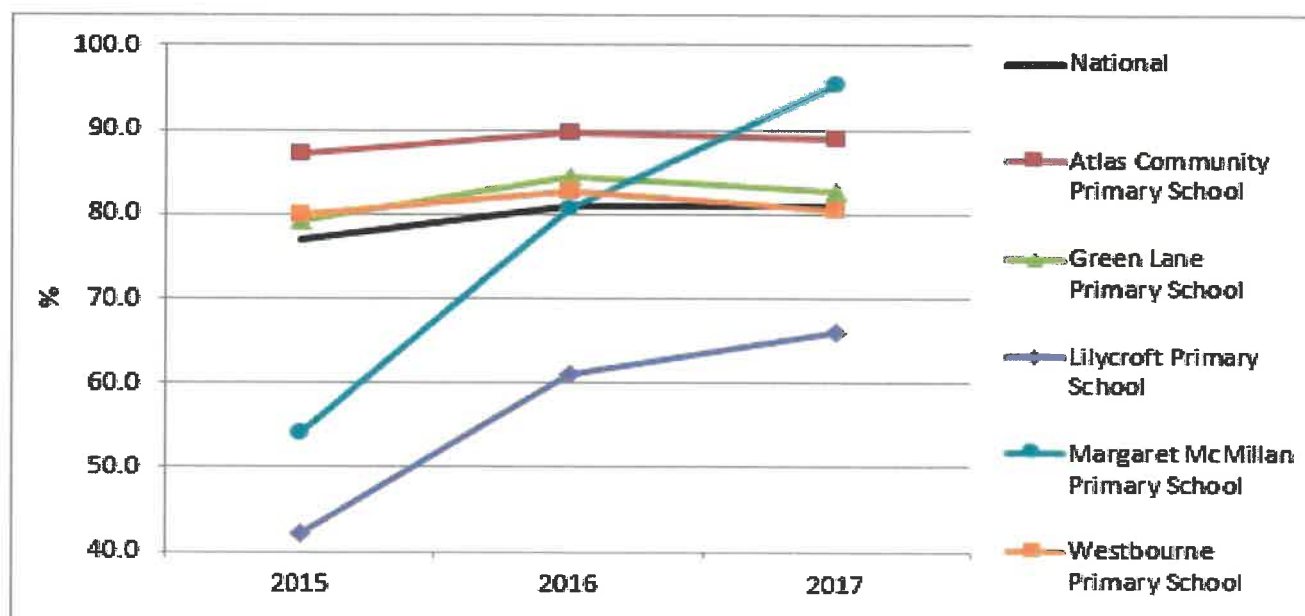
There is an upward trend with 2017 being above national average.

Priestley Academy Trust – Overall Phonics Attainment



Estab Number	School	% Achieving Year 1 Phonics Standard		
		2015	2016	2017
3802184	Atlas Community Primary School	87.1	89.7	88.9
3802034	Green Lane Primary School	79.1	84.3	82.8
3802044	Lilycroft Primary School	42.1	61.0	66.1
3802179	Margaret McMillan Primary School	54.1	80.7	95.4
3802193	Westbourne Primary School	80.0	82.6	80.4
	National	77.0	81.0	81.0

Priestley Academy Trust – Year 1 Phonics



Four of our schools, are above or in line, with national expectation.

Priestley Academy Trust – Overall Key Stage 1:

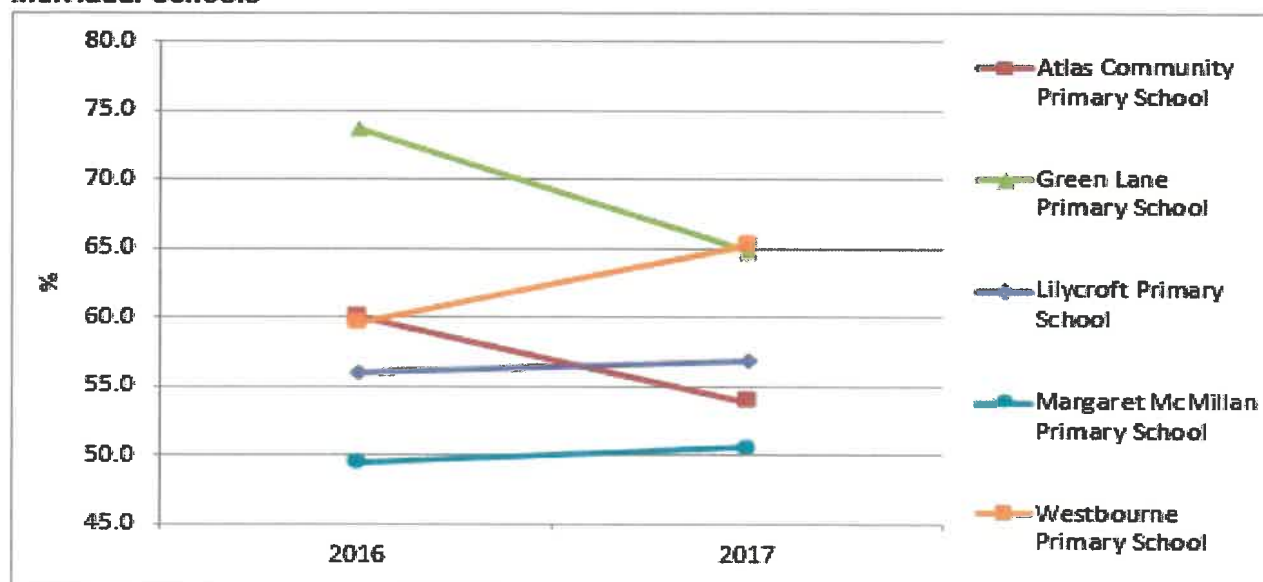
This cohort had a GLD of 58% (2015). Percentage of pupils at standard for each subject is above GLD so represents good progress from starting point.



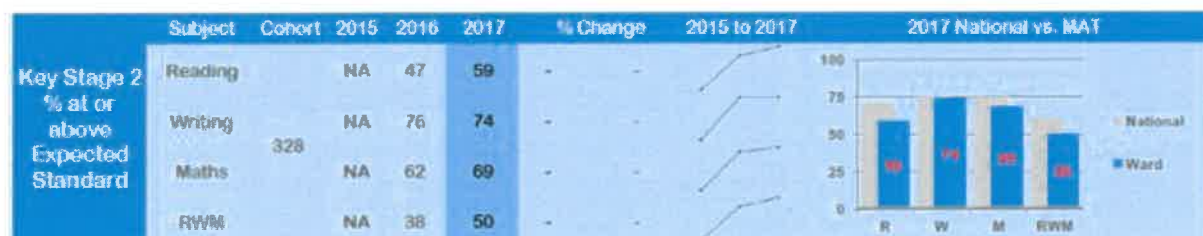
School	% Achieving RWM at Expected Standard	
	2016	2017
Atlas Community Primary School	60.0	53.8
Green Lane Primary School	73.6	64.8
Lilycroft Primary School	55.9	56.9
Margaret McMillan Primary School	49.4	50.6
Westbourne Primary School	59.6	65.2

Priestley Academy Trust – Key stage 1 (KS1)

Individual Schools



Priestley Academy Trust Overall – Key Stage 2 (KS2)



	% Achieving the Expected Standard in									
	Reading		Writing		Maths		GPS		RWM	
School	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Atlas Community Primary School	53.3	78.1	50.0	71.9	70.0	78.1	53.3	87.5	33.3	65.6
Green Lane Primary School	56.0	55.1	70.3	60.7	69.2	57.3	65.9	68.5	47.3	39.3
Lilycroft Primary School	38.6	63.8	80.7	81.0	60.2	71.9	55.7	77.6	35.2	61.4
Margaret McMillan Primary School	49.2	49.4	86.4	89.9	62.7	67.4	47.5	66.3	39.0	46.1
Westbourne Primary School	40.3	65.0	79.0	66.7	50.0	78.3	61.3	68.3	32.3	55.0
National	66.0	71.0	74.0	76.0	70.0	75.0	73.0	77.0	53.0	61.0

Reading

The trust is closing the gap to national at expected standard.

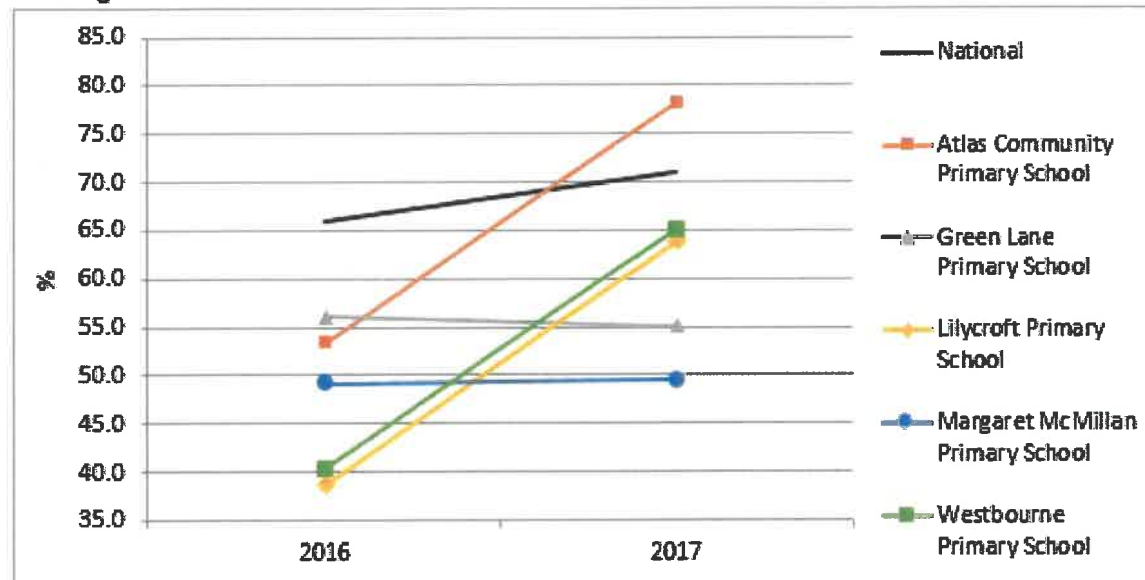
The progress for reading in line with national. (0)

The gap between girls and boys at expected standard for the Trust and is similar to the gap nationally.

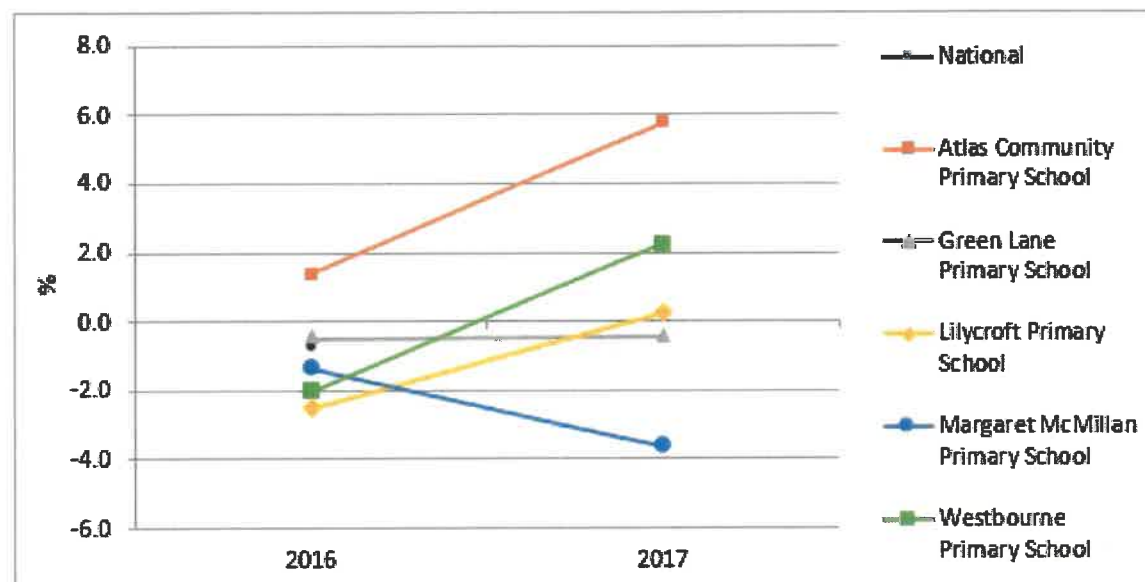
Boys' progress has improved from -1.19 (2016) to -0.3 (2017).

Disadvantaged pupils at expected standard: the gap between disadvantaged and non-disadvantaged has narrowed and remains significantly narrower than the gap for these two groups nationally (2016).

Reading Attainment



Reading Progress



Maths

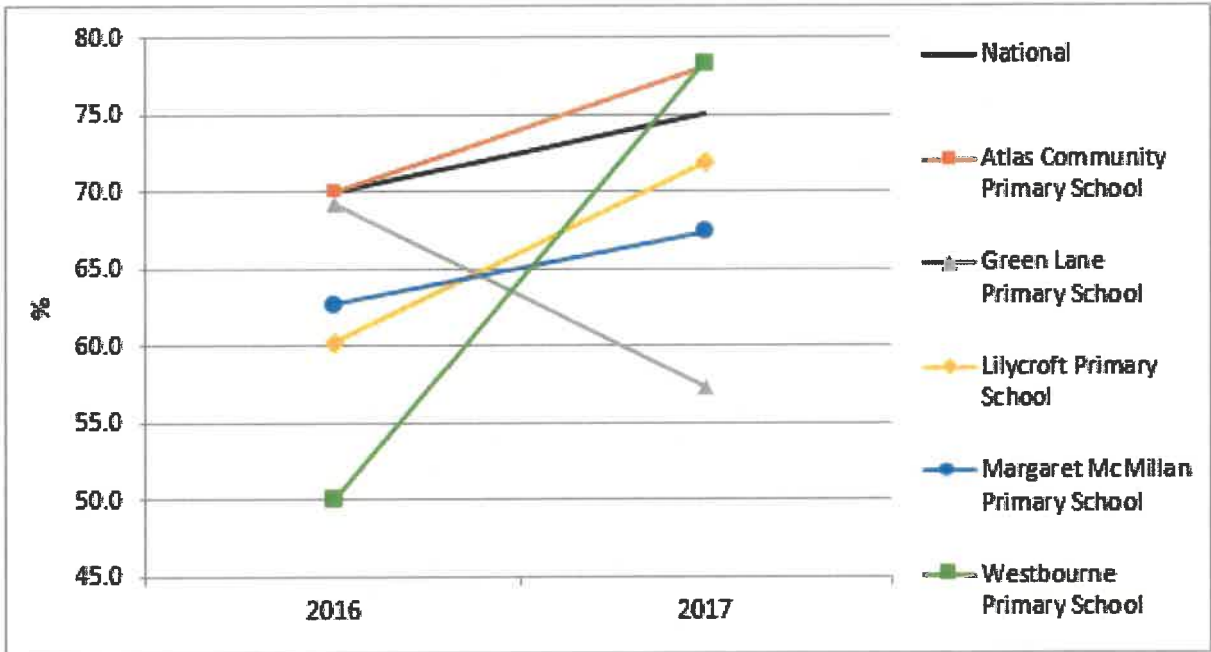
The trust is closing the gap to national at expected standard. Progress for maths has improved from 2016 at 2.0.

The gap between girls and boys at expected standard for the MAT is wider than the gap nationally.

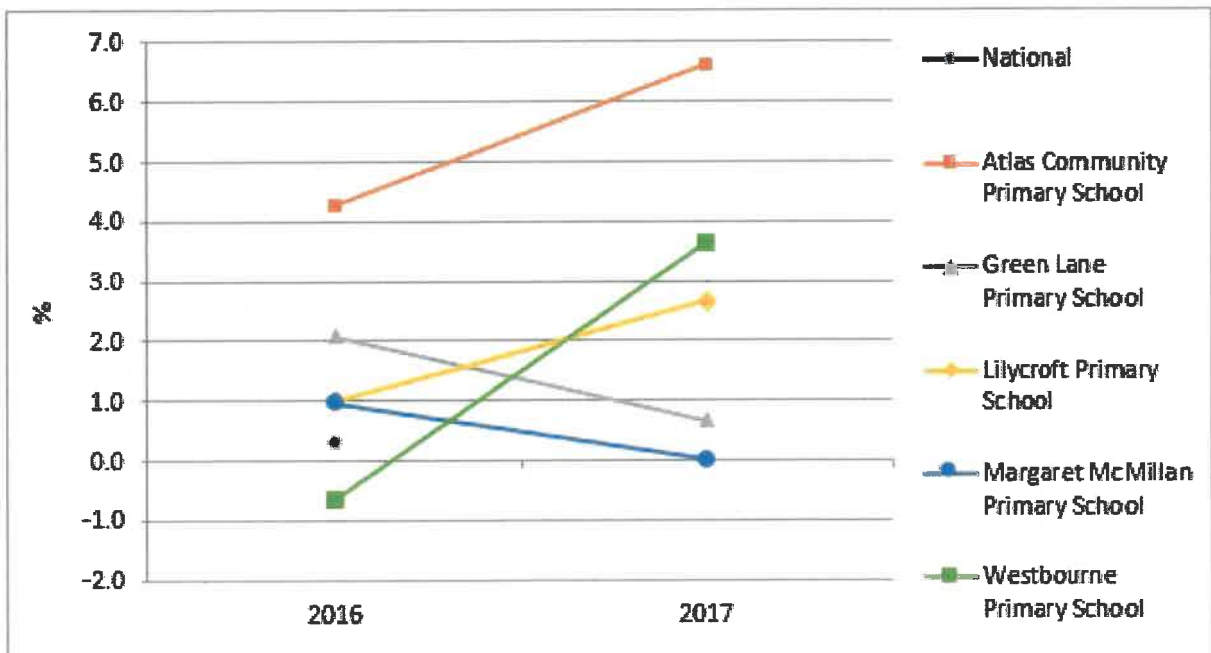
Boys' progress has slowed compared to 2016 and is now in line with girls' progress.

Disadvantaged pupils at expected standard: the gap between disadvantaged and non-disadvantaged has narrowed and remains significantly narrower than the gap for these two groups nationally (2016).

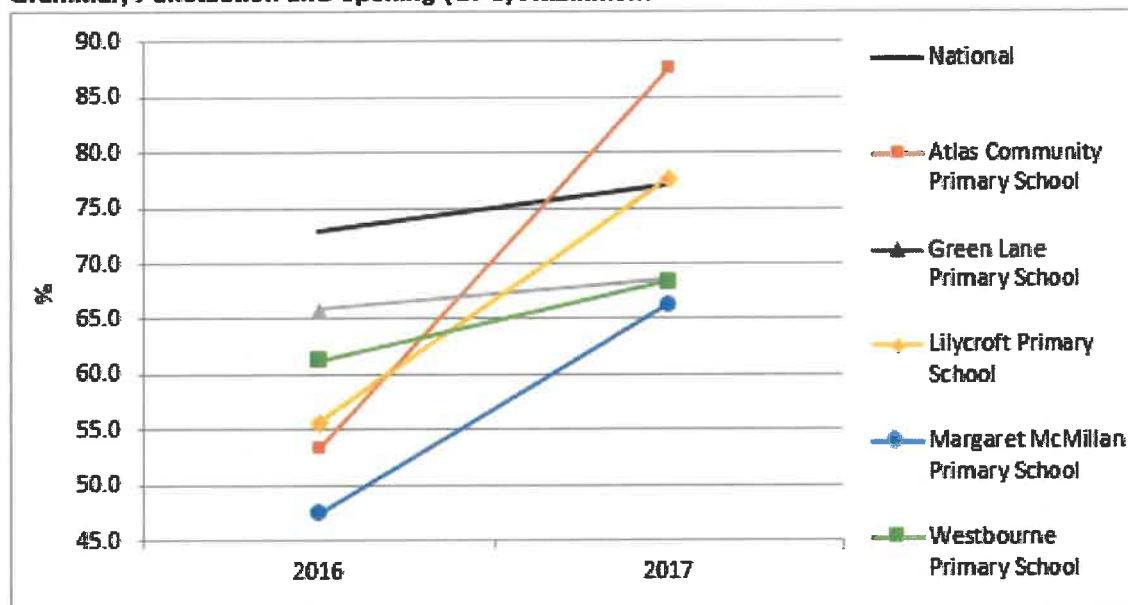
Maths Attainment



Maths Progress



Grammar, Punctuation and Spelling (GPS) Attainment



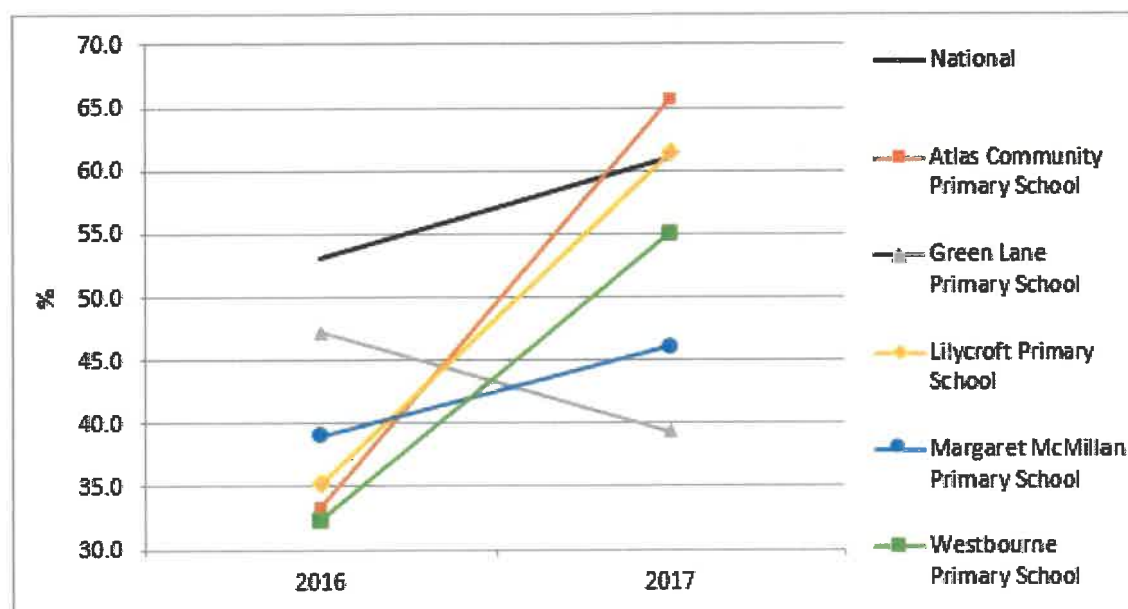
Key Stage 2: Combined - Reading, Writing and Maths (RWM)

RWM: gap to national has closed significantly this year but the Trust is below the national average for reading, maths and combined

Boys RWM has improved on 2016 but not such a large increase as girls.

The gap for disadvantaged compared with non-disadvantaged has closed and is a smaller gap than national. Currently identifying pupils across all Year Groups not on track to reach ARE for combined RWM and making these a school improvement focus.

Combined Reading, Writing and Maths



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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

b. Going concern

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

The financial review and financial statements for the period show that the academy trust operated with an excess of revenue income for the period over revenue expenditure for the period (a surplus) of £1,537,829 (excluding the deficit on the pension fund and surplus on fixed assets fund). This includes revenue funds transferred to the academy trust from the Local Authority on the conversion of the schools to academies to the sum of £857,729.

c. Review of activities

The majority of the academies trusts' income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition the financial statements show income for such items as school trips, school dinners, uniforms etc. This income is treated as "unrestricted funds."

During the period ended 31 August 2017 total expenditure, excluding capital items (charged to the fixed assets fund) and pension gains/losses/deficits was £7,723,654. This total expenditure was less than the combination of recurrent grant funding from the DfE/ESFA together and other incoming resources, including balances inherited by schools on conversion to academies. The surplus of revenue income over expenditure in the period (before actuarial gains and excluding restricted fixed asset funds) was £1,537,829.

During the period covered by the statements the academy trust spent £161,860 on capital investment in buildings, infrastructure and ICT. Of this capital expenditure £40,575 was funded by grant income with the balance of £121,285 being transferred to the restricted fixed assets fund from the revenue fund.

The balance on the revenue reserves at the end of the period (excluding pension fund deficit) stands at £1,537,829.

The land and buildings from which the schools within the trust operate were transferred to the trust at the time the schools converted to academies. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No.102 (FRS 102) have been applied in full, resulting in a pension deficit of £2,133,000 recognised on the balance sheet. As a result of the deficit in the pension fund and the transfer of fixed assets, the total academy fund balances at 31 August 2017 was a surplus of £16,256,632 comprising a surplus of £15,177,123 on restricted funds and surplus £1,079,509 on unrestricted funds.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

d. Investment policy and performance

The academy trust's funds are generally held in a low risk interest bearing bank current accounts. The academy trust also has the power to delegate the management of investments to a financial expert, under constant review and instruction of the Trustees, for any funds not immediately required, with the object of maximising returns on surplus funds.

Financial review

a. Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To cover ongoing costs in relation to non-core elements of the academy trust's operations including catering provisions, educational school trips, uniform costs and fundraising for good causes.
- To provide for sufficient funds held in reserve to enable the academy trust to implement effective recovery measures in the event of a major unforeseen incident/circumstance.

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds but excluding pension deficit) of no more than 7% of the general annual grant income, which amounts to approximately £742,000. This is considered sufficient to cover a) additional planned during year expenditure b) to meet changes to operational needs and c) sufficient contingencies for unforeseen circumstances or emergencies.

Where reserves at the end of an accounting period are in excess of this agreed level the Trustees will work with individual academy headteachers and Local Governing Bodies in order to develop and implement plans and actions which utilise excess funds in order to meet the targets in the individual academy improvement plans.

b. Material investments policy

The academy trust invests surplus funds through interest bearing current accounts. This policy maximises investment return whilst minimising risks to the principal sum.

c. Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Trustees have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching, provision of facilities, other operational areas of the academy trust and its finances. The Trustees have implemented a number of systems to assess risks that each school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where

THE PRIESTLEY ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safer Recruitment procedures and relevant staff have received training in this area in addition all staff receiving training on Child Protection/Safeguarding.

Plans for future periods

a. Future developments

The trust wishes to maintain broad and balanced curriculum within its member academies that are fully inclusive and appropriate to the needs of students of all abilities. The trust aspires to ensure equality of opportunity for all staff and students and is focussed on promoting the needs of disadvantaged students.

Performance in some areas within trust schools is below the level expected and the trust board, through the CEO and school headteachers are developing and implementing action plans to address these including performance management and target setting for the Chief Executive and for headteachers in each of the schools.

The Trustees plan to admit additional schools into the trust where the ethos and position of such schools fits within the overall ethos and structures of the trust. The Trustees have a strong desire to establish secondary school provision within the trust in order to address capacity and quality shortfalls within secondary education serving the Manningham community. The Trust will pursue this strategic aim in future periods and is in continuing discussions with officers at the DFE, ESFA and Bradford Council on this matter.

It was the intention that a sixth primary school would join the trust; Lister Primary School, Bradford. However due to legal technicalities the conversion of this school to an academy has been delayed.

Funds held as custodian

The Financial Statements do not include any balances on funds that the trust is holding as a custodian on behalf of others.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the academy trust's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the academy trust's auditors are aware of that information.

Auditors

The auditors, BHP LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 18 December 2017 and signed on its behalf by:



Ros Garside
Chair of Trustees

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

The Board of Trustees (Directors) use a scheme of delegation which provides for the process of decision making to be undertaken at the most appropriate level within the trust. This is done through a clearly defined committee structure and Local Governing Boards. In turn this works in tandem with the management structure of the academy trust. This supports the strategic direction of the school set by the CEO and the board of trustees.

The following committee structure operates:

- Finance, Audit and Risk Committee

Leadership and Management of the schools within the academy trust

This is undertaken on a day to day basis by the Headteachers and senior staff in each school. The Headteachers, led by the CEO, determine the strategic issues in each school which are identified through the school improvement priorities and through policy recommendations. The Headteachers are subject to annual appraisal by the CEO which conforms to the policy of the Governing Board.

There is a comprehensive quality assurance process within the schools and the academy trust which ensures that leadership and management, teaching and learning, the support for pupils and the outcomes for pupils are analysed, adjusted and that the budget of each school is used to address the identified priorities.

The role of school staff

Middle Leaders and all staff contribute to the processes involving identifying priorities. They are involved in the development of policies, and the implementation and review processes. This is kept under review. Different cohorts of staff meet through various groups to ensure that the school's improvement priorities are identified and appropriate continuous professional development is supported.

There is a clear line management structure which is linked to a rigorous appraisal process. There is accountability for performance and resources at all levels. Teachers are subject to annual appraisal which conforms to the policy of the Governing Board. Individual objectives are linked into the wider school improvement agenda.

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GOVERNANCE STATEMENT (continued)

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The Board of Trustees has formally met 8 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Yasmin Hussein	6	6
Jonathan Hipkin	3	3
Ros Garside, Chair	7	8
Khalid Sheikh	5	6
Javed Ahmed	8	8
Samantha Keighley	7	8
Vivien Dean	5	6
Kevin Holland, Accounting Officer	2	2

Review of Governance

Trust Board Membership

The Priestley Academy Trust was established in December 2016 with the strategic aim of improving the life chances of young people in the Manningham area of Bradford. Founder members and Trustees with relevant experience of education and the local community were selected as well as members with a wider perspective and national and international credentials.

The Manningham community faces many social and economic challenges and within the first few months of the academy trust's operations it became evident that among the members and Trustees there were very different views of how the academy trust's strategic aims should and could be delivered. These differing views led to a number of Members and Trustees resigning their positions in June 2017.

The remaining Members and Trustees, along with the CEO and Headteachers at each of the trust's academies are fully committed to the core purpose of the academy trust and are continuing to develop and implement plans to deliver the aims and objectives.

The Members and remaining Trustees understand the need to strengthen board membership and began a process in July 2017 to appoint new Trustees and Members who would bring additional skills and expertise to the academy trust. Two new Trustees were in place in time for the Board meeting in October 2017. An active recruitment process is continuing to fill the final Trustee vacancy on the board and to recruit two new founder Members. The Members and Trustees will as a matter of course at all times seek to recruit new Trustees to the Board where there has been an identified need for new skills, expertise and experience.

Trust Board Effectiveness

Since the formation of The Priestley Academy Trust in December 2016 the Trustees have faced a number of key challenges which in addition to the significant changes in the academy trust Board membership also included delayed conversion of member schools; accounting system implementation malfunctions; and delayed appointment of key staff.

All these issues have now been addressed and in addition to appointing new Members and Trustees, the academy trust board have made full time permanent appointments to the roles of Chief Executive Officer, Chief Finance Officer and Chief Operating Officer.

Other significant steps made in the period have included; establishing a fully functioning accounting system across the Trust; the ESFA Finance and Governance self-evaluation has been completed; Trust wide finance and administration

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GOVERNANCE STATEMENT (continued)

procedures and policies have been implemented, including an effective system of internal control; and a comprehensive Risk Register has been established covering all academies within the Trust.

Future review of effectiveness of Trustees

In the period 1 September 2017 to 31 August 2018 the Trustees will undertake a comprehensive review of effectiveness of governance, including making use of external advisers where appropriate.

The Finance, Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the academy trust revenue budget; receive periodic management reports showing performance against the agreed budget; set accounting policies; ensure compliance with the Academies Accounts Direction; advise on the appointment external auditors; monitor and have strategic oversight of risk across the Trust; and receive the annual audit report prior to presentation to the full board of Trustees.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Javed Ahmed	1	1
Kevin Holland, Accounting Officer	0	0
Samantha Keighley	1	1

Review of Value for Money

As Accounting Officer, the Chief Executive 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 period, 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 period by:

- Reviewing services delivered at academy the trust central service team to ensure cost effective provision.
- Identifying and working to removes areas where there is a duplication of service provision with the academy trust and in each individual school/academy.
- Working to maximise areas of expertise across the academy trust so as to reduce inefficiencies.
- Adapting staffing structures in each school/academy as appropriate to reflect academy trust wide developments.

GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Priestley Academy Trust for the period 5 October 2016 to 31 August 2017 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 period 5 October 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 internal auditor 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 to appoint BHP LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/ expenses procedures
- Testing of income
- Testing of the accounting systems and management information produced

The internal auditor reports to the Board of Trustees through the Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal auditor delivered their programme of work as planned and confirmed there were no material control issues

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GOVERNANCE STATEMENT (continued)

noted during the testing.

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the internal auditor and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 18 December 2017 and signed on their behalf, by:



Ros Garside
Chair of Trustees



Kevin Holland
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Priestley Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA:

Non-financial issues

I have investigated incidents that have been drawn to my attention by the auditors where the Scheme of Delegation and financial authorisation levels appear to have not been followed.

The academy trust purchased new touch screens during the financial period.

In this regard:

- 1 - No formal tender process was undertaken, as required by the financial polies.
- 2 - No authorisation from the board of Trustees was obtained, as required by the financial policies.

In all instances I am happy that there was no improper use of funds by the academy trust.

These variations from the Scheme of Delegation and financial authorisation levels were discussed at a meeting of the Board of Trustees, and plans agreed to ensure that they are not repeated.



Kevin Holland
Accounting Officer

Date: 18 December 2017

THE PRIESTLEY ACADEMY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2017

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

Company law requires the Trustees to prepare financial statements for each financial period. 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 academy trust 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 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust 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 academy trust 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 academy trust 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 academy trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 18 December 2017 and signed on its behalf by:



Ros Garside
Chair of Trustees

THE PRIESTLEY ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE PRIESTLEY ACADEMY TRUST

Opinion

We have audited the financial statements of The Priestley Academy Trust for the period ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Cash flow statement 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" and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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.

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE PRIESTLEY ACADEMY TRUST

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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE PRIESTLEY ACADEMY TRUST

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.

Auditor's responsibilities for the audit of the financial statements

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

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



Lesley Kendrew (Senior statutory auditor)

for and on behalf of

BHP LLP

Chartered Accountants

New Chartford House
Centurion Way
Cleckheaton
West Yorkshire
BD19 3QB
18 December 2017

THE PRIESTLEY ACADEMY TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE PRIESTLEY ACADEMY TRUST
AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 April 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Priestley Academy Trust during the period 5 October 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Priestley Academy 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 Priestley Academy 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 Priestley Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Priestley Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Priestley Academy Trust's funding agreement with the Secretary of State for Education dated 30 November 2016, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 5 October 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

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

The work undertaken to draw our conclusion includes:

- Checking that the academy trust's activities are consistent with its framework and its charitable objectives,
- Checking that the governors and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the period for undisclosed related party transactions,
- Checking that any related party transactions during the period are conducted at normal commercial rates,
- Checking that academy trust expenditure is permitted by its funding agreement,
- Checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook,
- Checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 5 October 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As explained in the Statement of Regularity, Propriety and Compliance, the academy trust did not undertake a formal tendering process as required by the academy trust's financial policies, and approval was not sought by the board of Trustees for a purchase where it was so required as per the academy trust's Scheme of Delegation.



Lesley Kendrew (Reporting accountant)

BHP LLP

Reporting Accountants

New Chartford House
Centurion Way
Cleckheaton
West Yorkshire
BD19 3QB

18 December 2017

THE PRIESTLEY ACADEMY TRUST
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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Income from:					
Donations and capital grants	2	857,929	(1,829,000)	17,062,232	16,091,161
Charitable activities	3	-	8,303,259	-	8,303,259
Other trading activities	4	220,990	-	-	220,990
Investments	5	590	-	-	590
Total income		1,079,509	6,474,259	17,062,232	24,616,000
Expenditure on:					
Charitable activities		-	7,939,654	331,714	8,271,368
Total expenditure	6	-	7,939,654	331,714	8,271,368
Net income / (expenditure) before transfers		1,079,509	(1,465,395)	16,730,518	16,344,632
Transfers between Funds	16	-	(121,285)	121,285	-
Net income / (expenditure) before other recognised gains and losses		1,079,509	(1,586,680)	16,851,803	16,344,632
Actuarial losses on defined benefit pension schemes	21	-	(88,000)	-	(88,000)
Net movement in funds		1,079,509	(1,674,680)	16,851,803	16,256,632
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		1,079,509	(1,674,680)	16,851,803	16,256,632

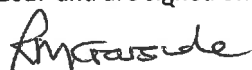
All of the academy trust's activities derive from continuing operations in the current financial period.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10410830

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £
Fixed assets			
Tangible assets	13		16,845,272
Current assets			
Debtors	14	606,597	
Cash at bank and in hand		2,917,871	
		<u>3,524,468</u>	
Creditors: amounts falling due within one year	15	<u>(1,980,108)</u>	
Net current assets			<u>1,544,360</u>
Total assets less current liabilities			<u>18,389,632</u>
Defined benefit pension scheme liability	21		<u>(2,133,000)</u>
Net assets including pension scheme liabilities			<u><u>16,256,632</u></u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	16	458,320	
Restricted fixed asset funds	16	16,851,803	
		<u>17,310,123</u>	
Restricted income funds excluding pension liability			
Pension reserve		<u>(2,133,000)</u>	
Total restricted income funds			<u>15,177,123</u>
Unrestricted income funds	16		<u>1,079,509</u>
Total funds			<u><u>16,256,632</u></u>

The financial statements on pages 35 to 62 were approved by the Trustees, and authorised for issue, on 18 December 2017 and are signed on their behalf, by:



Ros Garside
Chair of Trustees

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017

	Note	Period ended 31 August 2017 £
Cash flows from operating activities		
Net cash provided by operating activities	18	2,174,896
Cash flows from investing activities:		
Purchase of tangible fixed assets		(161,860)
Capital grants from DfE/ESFA		47,106
Net cash used in investing activities		(114,754)
Cash and cash equivalents transferred on conversion		857,729
Net cash provided by financing activities		857,729
Change in cash and cash equivalents in the period		2,917,871
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	19	2,917,871

All of the cash flows are derived from acquisitions in the current financial period.

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

The Priestley Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 PERIOD ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy 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 incorporating income and expenditure account 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 incorporating income and expenditure account 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 when there is an unconditional entitlement to the grant and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations 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.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1. Accounting Policies (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £2,000 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line basis
Freehold land	-	Not depreciated
Office equipment	-	10% straight line basis
Computer equipment	-	33.3% straight line basis

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 incorporating income and expenditure account.

1. Accounting Policies (continued)

1.6 Operating leases

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

1.7 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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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.

1.9 Taxation

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

THE PRIESTLEY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.10 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

1.11 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 Atlas Primary School, Westbourne Primary School, Lilycroft Primary School, Green Lane Primary School and Margaret McMillan Primary School to the 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.

Further details of the transaction are set out in note 20.

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NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting Policies (continued)

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Education and Skills Funding Agency.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfers from Local Authority on conversion	857,729	(1,829,000)	17,015,126	16,043,855
Donations	200	-	-	200
Capital grants	-	-	47,106	47,106
	<u>857,929</u>	<u>(1,829,000)</u>	<u>17,062,232</u>	<u>16,091,161</u>

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NOTES TO THE FINANCIAL STATEMENTS
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3. Funding for academy trust's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant	-	6,489,626	6,489,626
Other Dfe/ESFA grants	-	617,268	617,268
	-	7,106,894	7,106,894
Other government grants			
Special Educational Needs	-	402,539	402,539
Early Years Funding	-	358,454	358,454
Pupil Premium	-	143,299	143,299
Academy Conversion Grants	-	150,000	150,000
Other	-	142,073	142,073
	-	1,196,365	1,196,365
	-	-	-
	-	8,303,259	8,303,259

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Lettings	679	-	679
Catering income	14,016	-	14,016
Supply teacher insurance income (unrestricted)	44,742	-	44,742
Consultancy	32,012	-	32,012
Educational visit income	30,146	-	30,146
Uniform income	2,736	-	2,736
Other income	90,781	-	90,781
Sale of goods and services	2,964	-	2,964
Charity income	2,914	-	2,914
	<u>220,990</u>	<u>-</u>	<u>220,990</u>

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	<u>590</u>	<u>-</u>	<u>590</u>

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Education:				
Direct costs	5,491,750	-	566,712	6,058,462
Support costs	854,733	389,467	968,706	2,212,906
	<u>6,346,483</u>	<u>389,467</u>	<u>1,535,418</u>	<u>8,271,368</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

7. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £
Education	6,058,462	2,212,906	8,271,368

Analysis of support costs

	Education £	Total 2017 £
Staff costs	854,733	854,733
Other costs	32,743	32,743
Maintenance of premises and equipment	59,357	59,357
Cleaning	152,818	152,818
Rent and rates	33,955	33,955
Heat and light	104,432	104,432
Insurance	43,395	43,395
Security and transport	35,722	35,722
Catering	403,372	403,372
Technology costs	169,571	169,571
Office overheads	77,717	77,717
Legal and professional	180,536	180,536
Bank interest and charges	662	662
Visits	46,893	46,893
Governance costs	17,000	17,000
	2,212,906	2,212,906

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

8. Net income/(expenditure)

This is stated after charging:

	Period ended 31 August 2017 £
Depreciation of tangible fixed assets:	
- owned by the academy trust	331,714
Fees payable to Auditor: Audit	10,000
Fees payable to Auditor: Other services	8,650
	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

9. Staff costs

Staff costs were as follows:

	Period ended 31 August 2017 £
Wages and salaries	5,000,563
Social security costs	412,007
Operating costs of defined benefit pension schemes	834,219
	<hr/> 6,246,789
Apprenticeship levy	7,945
Supply teacher costs	87,388
Staff restructuring costs	4,361
	<hr/> 6,346,483 <hr/>

Staff restructuring costs comprise:

	Period ended 31 August 2017 £
Severance payments	4,361
	<hr/> 4,361 <hr/>

The average number of persons employed by the academy trust during the period was as follows:

	Period ended 31 August 2017 No.
Teacher	119
Admin & Support	242
Management	11
	<hr/> 372 <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

9. Staff costs (continued)

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

	Period ended 31 August 2017 No.
In the band £ 60,001 - £ 70,000	1
In the band £ 80,001 - £ 90,000	1

The key management personnel of the academy trust comprise the Trustees and senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £156,004.

10. Central services

The academy trust has provided the following central services to its academies during the period:

- financial services
- legal services
- educational support services

The academy trust started to charge for these services in the period on the following basis:

- Flat percentage of 5% of GAG income,

The actual amounts charged during the period were as follows:

	Period ended 31 August 2017 £
Atlas Community Primary School	37,584
Green Lane Primary School	105,421
Lilycroft Primary School	56,712
Margaret McMillan Primary School	68,817
Westbourne Primary School	50,513
Total	<u>319,047</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

11. Trustees' remuneration and expenses

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

		Period ended 31 August 2017 £
Kevin Holland, Accounting Officer (appointed Trustee 22 May 2017)	Remuneration	35,000-40,000
	Pension contributions paid	15,000-20,000

During the period, no Trustees received any benefits in kind.

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses.

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and membership year, and the cost for the period ended 31 August 2017 was is not separable as the RPA charge is based upon student numbers. The cost of insurance is included in the total insurance cost.

13. Tangible fixed assets

	Freehold land and property £	Office equipment £	Computer equipment £	Total £
Cost				
Additions	121,528	2,417	37,915	161,860
Transfer on conversion	16,514,768	272,982	227,376	17,015,126
At 31 August 2017	16,636,296	275,399	265,291	17,176,986
Depreciation				
Charge for the period	187,569	30,746	113,399	331,714
At 31 August 2017	187,569	30,746	113,399	331,714
Net book value				
At 31 August 2017	16,448,727	244,653	151,892	16,845,272

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

13. Tangible fixed assets (continued)

Freehold land and property

On conversion to Academy status, freehold land and property has been shown at its assessed fair value.

Inherited assets other than land and buildings

Office equipment and computer equipment inherited on conversion have been shown at their assessed fair value.

14. Debtors

	2017 £
Trade debtors	54,348
Other debtors	189,174
Prepayments and accrued income	363,075
	<hr/> 606,597 <hr/>

15. Creditors: Amounts falling due within one year

	2017 £
Trade creditors	199,979
Other creditors	1,414,929
Accruals and deferred income	365,200
	<hr/> 1,980,108 <hr/>

	£
Deferred income	
Resources deferred during the year	<hr/> 237,372 <hr/>

At the balance sheet date the academy trust was holding funds received in advance for Free School Meals, which relate to 2017/2018. There was also a balance in relation to unspent funds from a Regional Academy Growth Fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

16. Statement of funds

	Balance at 5 October 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	-	1,079,509	-	-	-	1,079,509
Restricted funds						
Restricted Funds - all funds	-	8,303,259	(7,723,654)	(121,285)	-	458,320
Pension reserve	-	(1,829,000)	(216,000)	-	(88,000)	(2,133,000)
	-	6,474,259	(7,939,654)	(121,285)	(88,000)	(1,674,680)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	-	17,062,232	(331,714)	121,285	-	16,851,803
Total restricted funds	-	23,536,491	(8,271,368)	-	(88,000)	15,177,123
Total of funds	-	24,616,000	(8,271,368)	-	(88,000)	16,256,632

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

Restricted general funds

GAG must be used for the normal running costs of the academy trust. Funds inherited on conversion were used for the normal running costs of the academy trust.

Other DfE/ESFA and government grants are used specifically for the purpose for which they are intended.

The restricted pension reserve represents the deficit on the five academies in the trust's share of the Local Government Pension Scheme as at 31 August 2017.

Restricted fixed asset funds

Transfer of fixed assets relates to the value applied to furniture, buildings and equipment on conversion from schools to an academy trust. ESFA capital grants relate to expenditure incurred on leasehold improvements, furniture and equipment.

Unrestricted funds

Unrestricted funds relate to catering income and schools clubs, and may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Trustees.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Atlas Community Primary School	187,599
Green Lane Primary School	461,842
Lilycroft Primary School	387,676
Margaret McMillan Primary School	265,255
Westbourne Primary School	215,270
The Priestley Academy Trust	20,187
Total before fixed asset fund and pension reserve	1,537,829
Restricted fixed asset fund	16,851,803
Pension reserve	(2,133,000)
Total	16,256,632

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Atlas Community Primary School	581,957	95,796	30,124	134,529	842,406
Green Lane Primary School	1,855,033	182,028	114,787	348,988	2,500,836
Lilycroft Primary School	862,479	112,454	44,642	162,373	1,181,948
Margaret McMillan Primary School	1,320,173	153,216	52,337	215,542	1,741,268
Westbourne Primary School	910,207	123,955	44,980	129,195	1,208,337
The Priestley Academy Trust	111,131	72,779	20,688	260,261	464,859
	5,640,980	740,228	307,558	1,250,888	7,939,654

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

17. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	16,845,272	16,845,272
Current assets	1,079,509	2,438,428	6,531	3,524,468
Creditors due within one year	-	(1,980,108)	-	(1,980,108)
Provisions for liabilities and charges	-	(2,133,000)	-	(2,133,000)
	<u>1,079,509</u>	<u>(1,674,680)</u>	<u>16,851,803</u>	<u>16,256,632</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	Period ended 31 August 2017 £
Net income for the period (as per Statement of Financial Activities)	16,344,632
Adjustment for:	
Depreciation charges	331,714
Increase in debtors	(606,597)
Increase in creditors	1,980,108
Capital grants from DfE and other capital income	(47,106)
Defined benefit pension scheme cost less contributions payable	185,000
Defined benefit pension scheme finance cost	31,000
Assets and liabilities from local authority on conversion	(16,043,855)
Net cash provided by operating activities	<u><u>2,174,896</u></u>

19. Analysis of cash and cash equivalents

	Period ended 31 August 2017 £
Cash in hand	2,917,871
Total	<u><u>2,917,871</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. Conversion to an academy trust

Atlas Community Primary School

On 1 December 2016 Atlas Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priestley Academy Trust from Bradford Metropolitan District Council for £NIL consideration.

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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	1,643,168	1,643,168
- Other tangible fixed assets	-	-	81,456	81,456
Budget surplus/(deficit) on LA funds	54,220	-	-	54,220
Budget surplus/(deficit) on other school funds	4,923	-	-	4,923
LGPS pension surplus/(deficit)	-	(154,384)	-	(154,384)
Net assets/(liabilities)	<u>59,143</u>	<u>(154,384)</u>	<u>1,724,624</u>	<u>1,629,383</u>

Green Lane Primary School

On 1 December 2016 Green Lane Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priestley Academy Trust from Bradford Metropolitan District Council for £NIL consideration.

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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	6,006,552	6,006,552
Other tangible fixed assets	-	-	165,262	165,262
Budget surplus/(deficit) on LA funds	131,101	-	-	131,101
Budget surplus/(deficit) on other school funds	10,344	-	-	10,344
LGPS pension surplus/(deficit)	-	(459,616)	-	(459,616)
Net assets/(liabilities)	<u>141,445</u>	<u>(459,616)</u>	<u>6,171,814</u>	<u>5,853,643</u>

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Lilycroft Primary School

On 1 February 2017 Lilycroft Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priestley Academy Trust from Bradford Metropolitan District Council for £NIL consideration.

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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	1,811,054	1,811,054
Other tangible fixed assets	-	-	58,909	58,909
Budget surplus/(deficit) on LA funds	254,871	-	-	254,871
Budget surplus/(deficit) on other school funds	2,261	-	-	2,261
LGPS pension surplus/(deficit)	-	(353,198)	-	(353,198)
Net assets/(liabilities)	<u>257,132</u>	<u>(353,198)</u>	<u>1,869,963</u>	<u>1,773,897</u>

Margaret McMillan Primary School

On 1 February 2017 Margaret McMillan Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priestley Academy Trust from Bradford Metropolitan District Council for £NIL consideration.

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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	4,337,894	4,337,894
Other tangible fixed assets	-	-	111,507	111,507
Budget surplus/(deficit) on LA funds	222,876	-	-	222,876
Budget surplus/(deficit) on other school funds	4,729	-	-	4,729
LGPS pension surplus/(deficit)	-	(532,151)	-	(532,151)
Net assets/(liabilities)	<u>227,605</u>	<u>(532,151)</u>	<u>4,449,401</u>	<u>4,144,855</u>

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Westbourne Primary School

On 1 February 2017 Westbourne Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Priestley Academy Trust from Bradford Metropolitan District Council for £NIL consideration.

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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	2,716,100	2,716,100
Other tangible fixed assets	-	-	83,224	83,224
Budget surplus/(deficit) on LA funds	154,609	-	-	154,609
Budget surplus/(deficit) on other school funds	17,795	-	-	17,795
LGPS pension surplus/(deficit)	-	(329,651)	-	(329,651)
Net assets/(liabilities)	172,404	(329,651)	2,799,324	2,642,077

The above transfers have 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 incorporating income and expenditure account as donations - transfer from local authority on conversion

21. 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 West Yorkshire Pension Fund. Both are Multi-employer defined benefit pension schemes.

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

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21. Pension commitments (continued)

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%.

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 £448,616.

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).

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

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21. Pension commitments (continued)

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 period ended 31 August 2017 was £263,000, of which employer's contributions totalled £187,000. and employees' contributions totalled £76,000. The agreed contribution rates for future years are 5.5% for employers and 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.

West Yorkshire Pension Fund

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	3.25 %
Rate of increase for pensions in payment / inflation	2.00 %
Inflation assumption (CPI)	2.00 %
Inflation assumption (RPI)	3.10 %

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

	2017
Retiring today	
Males	22.1
Females	25.2
Retiring in 20 years	
Males	23.0
Females	27.0

	Period ended At 31 August 2017 £
<i>Sensitivity analysis</i>	
Discount rate +0.1%	7,045,000
Discount rate -0.1%	7,401,000
Mortality assumption - 1 year increase	7,440,000
Mortality assumption - 1 year decrease	7,003,000

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21. Pension commitments (continued)

The academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £
Equities	3,922,848
Government bonds	488,448
Corporate bonds	198,432
Property	228,960
Cash	76,320
Other	172,992
Total market value of assets	<u>5,088,000</u>

The actual return on scheme assets was £487,000.

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	Period ended 31 August 2017 £
Interest cost	(31,000)
Current service cost (net of employee contributions)	(372,000)
Total	<u>(403,000)</u>
Actual return on scheme assets	<u>487,000</u>

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21. Pension commitments (continued)

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

	Period ended 31 August 2017 £
Upon conversion	6,173,000
Current service cost	372,000
Interest cost	113,000
Employee contributions	76,000
Actuarial losses	493,000
Benefits paid	(6,000)
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Closing defined benefit obligation	7,221,000
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Movements in the fair value of the academy trust's share of scheme assets:

	Period ended 31 August 2017 £
Upon conversion	4,344,000
Interest income	82,000
Actuarial gains	405,000
Employer contributions	187,000
Employee contributions	76,000
Benefits paid	(6,000)
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Closing fair value of scheme assets	5,088,000
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NOTES TO THE FINANCIAL STATEMENTS
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22. Operating lease commitments

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

	2017
	£
<i>Amounts payable:</i>	
Within 1 year	24,954
Between 1 and 5 years	47,856
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Total	72,810
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23. Members' liability

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

24. Related party transactions

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

Action for Business (Bradford) Limited is a related party due to Javed Ahmed (Trustee) having a directorship in the company. The following transactions took place in the period of account:

Rental of meeting room - £38

There were no amounts outstanding at 31 August 2017.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2016. Other related party transactions relating to Trustees' remuneration and expenses are already disclosed in note 11.