

Company Registration Number: 10410830 (England and Wales)

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Governance statement	15 - 18
Statement on regularity, propriety and compliance	19
Statement of Trustees' responsibilities	20
Independent auditors' report on the financial statements	21 - 23
Independent reporting accountant's assurance report on regularity	24 - 25
Statement of financial activities incorporating income and expenditure account	26
Balance sheet	27
Statement of cash flows	28
Notes to the financial statements	29 - 52

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Emma Hendry (resigned 31 May 2018)
Bryan Millar
Mark Mon-Williams
Nadira Mirza (appointed 15 June 2018)

Trustees

Ros Garside, Chair
Javed Ahmed¹
Kevin Holland, Accounting Officer¹
Samantha Keighley¹
Ashfaq Rahman (appointed 19 September 2017)
Margaret Smith (appointed 19 September 2017)¹

¹ Member of the Finance, Audit and Risk Committee

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

Executive team

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

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Bankers

Lloyds Bank PLC
Hustlergate
Bradford
BD1 1NT

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Company was incorporated on 4 October 2016 and operates five primary academy schools in the Manningham area of Bradford. The schools in the Academy Trust have a total capacity of 2,590 pupils and the number of pupils as at the census in Summer 2018 was 2,458.

The five schools in the Priestley Academy Trust are:

Atlas Primary School, BD8 8DL

Green Lane Primary School, BD8 8HT

Lilycroft Primary School, BD9 5AD

Margaret McMillan Primary School, BD9 5DF

Westbourne Primary School, BD8 7PL

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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 have relevant experience of education and the local community as well as Members with a wider perspective and national and international credentials.

The Members and Trustees understand the need to maintain a breadth of expertise on the Board 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 continued to fill the final Trustee vacancy on the board and to recruit two new Founder Members. Ms N Mirza joined the Academy Trust as a Member in June 2018. 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.

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The Priestley Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Priestley Academy Trust.

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

Members' liability

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

Trustees' indemnities

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 7 Trustees to the Board of the Trust.

The Academy Trust operates Local Governing Bodies within its schools and each of these must have a minimum of 2 parent governors. Were the Academy Trust to amend its structure so that Local Governing Bodies were no longer established at Academy Trust schools then Article 53 requires that 2 Parent Trustees shall be appointed to the 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 4 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.

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 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 Trustee appointments within any one year may be few in number induction is carried out at school level and is tailored specifically to the individual.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

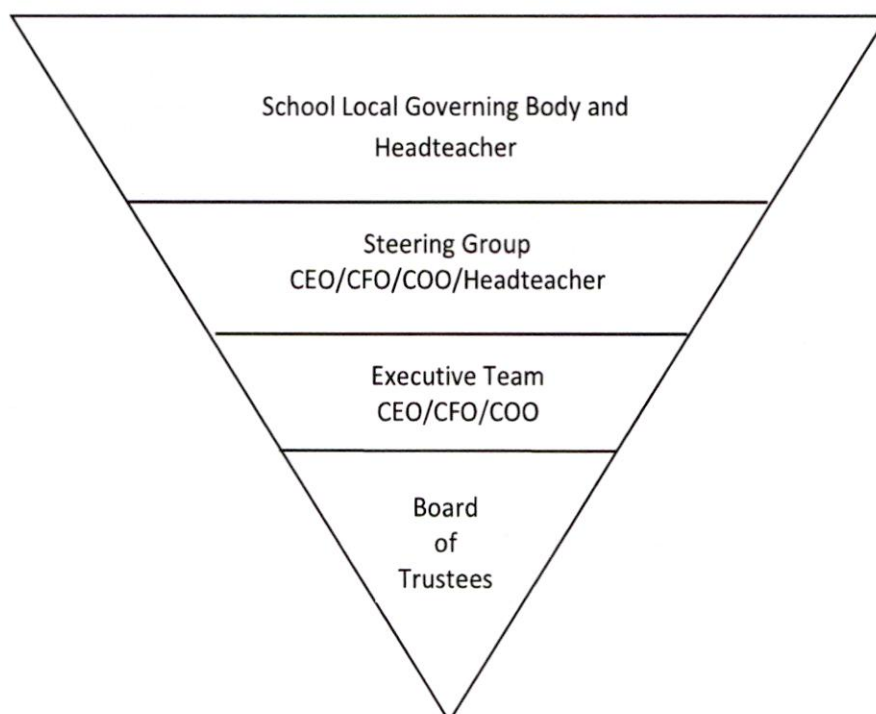
STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

BOARD OF TRUSTEES



The strategic development and operational structure can be represented by



During the year the Academy Trust operated a management structure that consisted of 7 levels: Founder Members, the Board of Trustees, The Trust Executive Team, Steering Group, School Local Governing Bodies, 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 & Regulation
- Statutes and Regulations issued by National Government via the DfE, EFA 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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

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

The Board of Trustees monitors the performance of the 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

Pay policy for key management personnel

Arrangements for setting the pay and remuneration of the academy's key management personnel are in accordance with the 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 academies' 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 follows the Local Government pay spine.

The Trustee 'School Improvement Committee', is responsible for the performance management of the CEO. The CEO is responsible for reviewing the performance of the central team (CFO, COO). An element of key personnel remuneration is related to performance, which is covered by the Academy Trust pay policies.

Trade union facility time

The Academy Trust has no employees who were relevant union officials in the period 1 September 2017 to 31 August 2018. During this period the Academy Trust contributed to a local arrangement for the provision of trade union support for Academy Trust employees. The value of these contributions was £10,144.

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 2018 do not include any funds relating to SHINE operations.

The Academy Trust has a partnership agreement with the Exceed Teaching School. The CEO is a board member of the organisation and a number of Academy Trust employees are identified as LLE and SLE. Academy Trust support has been given to other schools in the authority through the teaching school.

Further details of related party transactions are detailed in note 24.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES

Objectives, strategies and activities

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 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 pupil 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. Pupils 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 pupils 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 choose 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 pupils 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 pupils 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.

The Priestley Academy Trust recognises its responsibility to help other schools develop. During the DFE review of the Academy Trust (Autumn 2017) it was noted the Academy Trust has capacity to sponsor other schools. The Academy Trust is now in a position to consider schools that have been identified by the DFE.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES (CONTINUED)

Objectives, strategies and activities

Pupil Level Data

Number of children with SEN

SEN Provision (not DSP)	National	Atlas Community Primary	Green Lane Primary	Lilycroft Primary	Margaret McMillan Primary	Westbourne Primary	PAT
Percentage of pupils with SEN Support	12.2	13.1	19.9	13.1	18.1	13.6	16.6
Percentage of SEN pupils without specific SEN		86.4	76.9	85.6	78.9	86.2	81.5
Percentage pupils with an EHCP	1.3	0.4	3.2	1.2	2.6	0.2	1.9
Number of DSP children		0	18	0	0	0	18

Number of children with EAL/FSM

	Atlas Community Primary	Green Lane Primary	Lilycroft Primary	Margaret McMillan Primary	Westbourne Primary	PAT
Percentage of pupils currently eligible for FSM National 13.7%	22	18.9	26.5	15.4	20.6	19.8
Percentage of pupils eligible for FSM through Ever 6 criteria	24.6	21.6	28.5	16.6	27.3	22.7
Percentage of EAL pupils	95.6	97.2	90.3	85.6	89.3	91.3

Attendance

(Government expectation 96%)	Atlas Community Primary	Green Lane Primary	Lilycroft Primary	Margaret McMillan Primary	Westbourne Primary	PAT
Attendance 2016/2017	96.7	95.2	96.2	95.4	94.2	91.3

Leadership Capacity

	Atlas Community Primary	Green Lane Primary	Lilycroft Primary	Margaret McMillan Primary	Westbourne Primary	PAT
Headteacher	1	1	1	1	1	5
Deputy Headteacher	0	0	2 (acting)	1	2	5
Assistant Headteacher	3	8	0.6	4	3	18.6

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES (CONTINUED)

Objectives, strategies and activities

			Atlas Primary		Green Lane Primary		Lilycroft Primary		Margaret McMillan Primary		Westbourne Primary	
	National		2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
	2017	2018	%	%	%	%	%	%	%	%	%	%
GLD	71	72	66	61	65	70	68	66	65	56	60	62
Y1 Phonics	81	82	90	77	83	77	66	62	95	84	81	82
ARE KS1 Reading	76	75	70	58	70	67	67	65	61	64	74	68
ARE KS1 Writing	69	70	70	64	69	65	67	66	55	59	67	60
ARE KS1 Mathematics	75	76	65	61	70	69	65	64	63	64	72	60
ARE KS2 Reading	71	75	78	64	54	52	64	72	49	57	65	80
ARE KS2 Writing	76	78	72	68	61	70	81	81	89	82	67	75
ARE KS2 Mathematics	75	76	78	71	57	70	72	74	68	66	78	82
ARE KS2 GPS	77	78	88	75	69	67	78	71	67	70	68	80
ARE KS2 Combined	61	64	69	50	39	52	61	69	46	53	55	72

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.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

ACHIEVEMENTS AND PERFORMANCE

Strategic Report

Key performance indicators

91.3% 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. 95.8% of pupils BME
22.9% access pupil premium.

20% 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.

Three new Headteachers have been appointed to the Academy Trust and two schools have undertaken restructures. The schools have become far more aligned during the year, with a particular focus on assessment and reporting data. Headteachers have a clear focus on raising standards. We have moved to centralise some of the roles, for example ICT and buildings, enabling more time to be spent on school improvement.

Going concern

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

FINANCIAL REVIEW

The majority of the Academy 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 2018 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 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

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 year ended 31 August 2018, total expenditure of £12,628,000 was not covered by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (before LGPS movements, and excluding restricted fixed asset funds) was £585,000.

During the period covered by the statements the Academy Trust spent £98,000 on Capital Investment in buildings, infrastructure and ICT. Of this capital expenditure £54,000 was funded by grant income with the balance of £44,000 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 £944,000.

The land and buildings from which the schools within the Academy Trust operate were transferred to the Academy 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 Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full, resulting in a pension deficit of £1,908,000 recognised on the balance sheet.

The Academy Trust held fund balances at 31 August 2018 of £16,676,000 comprising £952,000 of restricted general funds, £16,461,000 of restricted fixed asset funds, (£1,908,000) of restricted pension fund and £1,171,000 of unrestricted funds.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Academy Trust's objectives.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

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's operations including catering provisions, 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 Trust 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 £682,000. This is considered sufficient to cover:

- a) additional planned during year expenditure;
- b) changes to operational needs; and
- c) sufficient contingencies for unforeseen circumstances or emergencies.

In addition to the 7% Academy Trust reserve it is expected that each school should operate with a school level reserve of no lower than a sum equivalent to 2.5% of their general annual grant income

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. The individual school balances of £2,123,000 detailed in note 17 form the Academy Trust's reserves. The current level of reserves held are higher than the level of reserves required for the ongoing needs of the Academy Trust and are therefore considered to be sufficient. The Trustees continue to consider additional activities related to the Academy Trust's objectives to which the excess reserves may be applied.

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.

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 Trust 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 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 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.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

Fundraising

Schools within the Academy Trust undertake periodic activities to raise funds for a number of charities and/or local support groups. These funds are raised through sponsorship, donations and miscellaneous activities. There is no obligation for any child/parent to donate. All funds/donations collected are given to the relevant charity in a timely manner.

PLANS FOR FUTURE PERIODS

Future developments

The Academy Trust intends to maintain broad and balanced curriculums within its member academies that are fully inclusive and appropriate to the needs of pupils of all abilities. The Academy Trust is already strong in enrichment activities which are very important in an area of disadvantage. These will be further developed. The Academy Trust aspires to ensure equality of opportunity for all staff and students and includes a focus on promoting the needs of disadvantaged pupils.

Performance has improved across the Academy Trust schools and progress is generally good. In some areas within Academy Trust schools performance is below the level expected, especially in relation to national expectations, and the Academy 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 Academy Trust where the ethos and position of such schools fits within the overall ethos and structures of the Academy Trust. The Trustees have a strong desire to establish secondary school provision within the Academy Trust in order to address capacity and quality shortfalls within secondary education serving the Manningham community. The Academy 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.

FUNDS HELD AS CUSTODIAN

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

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy Trust's Equal opportunities policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company'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 charitable company's auditors are aware of that information.

Auditors

The auditors, Clive Owen 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 17 December 2018 and signed on its behalf by:



Ros Garside
Chair

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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 Academy Trust. This is done through a clearly defined committee structure and Local Governing Bodies. 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
- School Improvement 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.

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 Body. Individual objectives are linked into the wider school improvement agenda.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ros Garside, Chair	6	6
Javed Ahmed	5	6
Kevin Holland, Accounting Officer	6	6
Samantha Keighley	3	6
Ashfaq Rahman	4	4
Margaret Smith	4	4

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 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.

During the period the Finance, Audit and Risk committee was chaired by Mr J Ahmed.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Javed Ahmed	7	7
Kevin Holland	7	7
Samantha Keighley	3	7
Margaret Smith	5	6

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 year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Reviewing services delivered at the Academy Trust Central Service team to ensure cost effective provision
- Identifying and working to remove 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 trust so as to reduce inefficiencies
- Adapting staffing structures in each school/academy as appropriate to reflect Academy Trust wide developments

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of petty cash/ expenses procedures
- Testing of income
- Testing of the accounting systems and management information produced
- Review of Trustee appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium/ex gratia payments
- Review of information technology strategy
- Review of fixed assets
- Review of VAT and Corporation tax position

On a termly basis, the external auditors report 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 PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

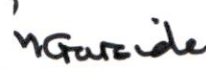
Review of Effectiveness

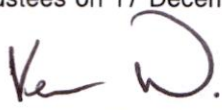
As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the 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 Finance, Audit and Risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17 December 2018 and signed on their behalf, by:


Ros Garside
Chair


Kevin Holland
Accounting Officer

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Kevin Holland
Accounting Officer

Date: 17 December 2018

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 17 December 2018 and signed on its behalf by:



Ros Garside
Chair

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

**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 (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material 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 the financial year 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 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy 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 or to cease operations, or have no realistic alternative but to do so.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of Our Report

This report is made solely to the academy trusts members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Clive Owen W

Christopher Beaumont BA (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
17 December 2018

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

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

This report is made solely to The 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

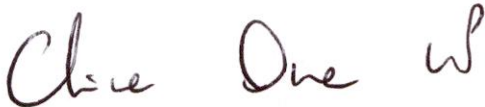
**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
PRIESTLEY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

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



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

17 December 2018

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

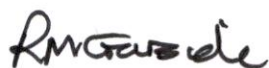
		Unrestricted funds Year ended 2018 £000	Restricted funds Year ended 2018 £000	Restricted fixed asset funds Year ended 2018 £000	Total funds Year ended 2018 £000	Total funds Period ended 2017 £000
	Note					
Income from:						
Donations & capital grants:						
Transfers from Local Authority on conversion	2	-	-	-	-	16,044
Other donations and capital grants	2	15	-	54	69	47
Charitable activities	3	-	12,100	-	12,100	8,303
Other trading activities	4	189	-	-	189	221
Investments	5	2	-	-	2	1
Total income		<u>206</u>	<u>12,100</u>	<u>54</u>	<u>12,360</u>	<u>24,616</u>
Expenditure on:						
Charitable activities		<u>115</u>	<u>12,024</u>	<u>489</u>	<u>12,628</u>	<u>8,272</u>
Total expenditure	7	<u>115</u>	<u>12,024</u>	<u>489</u>	<u>12,628</u>	<u>8,272</u>
Net income / (expenditure) before transfers						
Transfers between Funds	17	<u>91</u> <u>-</u>	<u>76</u> <u>(45)</u>	<u>(435)</u> <u>45</u>	<u>(268)</u> <u>-</u>	<u>16,344</u> <u>-</u>
Net income / (expenditure) before other recognised gains and losses						
		<u>91</u>	<u>31</u>	<u>(390)</u>	<u>(268)</u>	<u>16,344</u>
Actuarial gains/(losses) on defined benefit pension schemes	22	<u>-</u>	<u>688</u>	<u>-</u>	<u>688</u>	<u>(88)</u>
Net movement in funds		<u>91</u>	<u>719</u>	<u>(390)</u>	<u>420</u>	<u>16,256</u>
Reconciliation of funds:						
Total funds brought forward		<u>1,080</u>	<u>(1,675)</u>	<u>16,851</u>	<u>16,256</u>	<u>-</u>
Total funds carried forward		<u><u>1,171</u></u>	<u><u>(956)</u></u>	<u><u>16,461</u></u>	<u><u>16,676</u></u>	<u><u>16,256</u></u>

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	2017 £000
Fixed assets				
Tangible assets	14		16,461	16,845
Current assets				
Debtors	15	363		606
Cash at bank and in hand		3,144		2,918
		<u>3,507</u>		<u>3,524</u>
Creditors: amounts falling due within one year	16	(1,384)		(1,980)
Net current assets			2,123	1,544
Total assets less current liabilities			<u>18,584</u>	<u>18,389</u>
Defined benefit pension scheme liability	22		(1,908)	(2,133)
Net assets including pension scheme liabilities			<u>16,676</u>	<u>16,256</u>
Funds of the academy				
Restricted income funds:				
Restricted income funds	17	952		458
Restricted fixed asset funds	17	16,461		16,851
Restricted income funds excluding pension liability		17,413		17,309
Pension reserve		(1,908)		(2,133)
Total restricted income funds			15,505	15,176
Unrestricted income funds	17		1,171	1,080
Total funds			<u>16,676</u>	<u>16,256</u>

The financial statements on pages 26 to 52 were approved by the Trustees, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:



Ros Garside
Chair

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Year ended 2018 £000	Period ended 2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	268	2,175
Cash flows from investing activities:			
Dividends, interest and rents from investments		2	-
Purchase of tangible fixed assets		(98)	(162)
Capital grants from DfE Group		54	47
Net cash used in investing activities		(42)	(115)
Cash and cash equivalents transferred on conversion		-	858
Net cash provided by financing activities		-	858
Change in cash and cash equivalents in the year		226	2,918
Cash and cash equivalents brought forward		2,918	-
Cash and cash equivalents carried forward	20	3,144	2,918

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting Policies

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

1.1 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 2017 to 2018 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 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.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

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

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

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 Academy 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.

1.4 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 appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

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 leasehold land and assets under construction, 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:

Leasehold property	-	2% straight line basis
Leasehold land	-	Not depreciated
Office equipment	-	20% 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.

1.6 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.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

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 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

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.

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 22, 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 PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

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

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

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

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.12 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Land and Buildings - The Academy Trust has yet to receive ESFA valuations for the land and buildings. The Academy Trust has therefore introduced the land and buildings based on the local authority valuation. The Trustees consider the valuation is appropriately disclosed within the financial statements.

2. Income from donations and capital grants

	Unrestricted funds Year ended 2018 £000	Restricted funds Year ended 2018 £000	Restricted fixed asset funds Year ended 2018 £000	Total funds Year ended 2018 £000	Total funds Period ended 2017 £000
Transfers from Local Authority on conversion	-	-	-	-	16,044
Donations	15	-	-	15	-
Capital Grants	-	-	7	7	-
Grants	-	-	47	47	47
Subtotal	15	-	54	69	47
	15	-	54	69	16,091
Total Period ended 2017	858	(1,829)	17,062	16,091	

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

3. Funding for Academy's educational operations

	Unrestricted funds Year ended 2018 £000	Restricted funds Year ended 2018 £000	Total funds Year ended 2018 £000	Total funds Period ended 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	9,738	9,738	6,490
Pupil Premium	-	942	942	143
Other DfE/ESFA Grants	-	454	454	617
	-	11,134	11,134	7,250
Other Government grants				
Academy Conversion Grant	-	-	-	150
SEN	-	290	290	403
Other Government Grants	-	676	676	358
	-	966	966	911
Other funding				
Other Grants	-	-	-	142
	-	-	-	142
	-	12,100	12,100	8,303
Total Period ended 2017	-	8,303	8,303	

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

4. Other trading activities

	Unrestricted funds Year ended 2018 £000	Restricted funds Year ended 2018 £000	Total funds Year ended 2018 £000	Total funds Period ended 2017 £000
Lettings	-	-	-	1
Catering income	34	-	34	14
Supply teacher insurance income	18	-	18	44
Consultancy	24	-	24	32
Educational visit income	46	-	46	30
Uniform income	7	-	7	3
Other income	53	-	53	91
Sale of goods and services	3	-	3	3
Charity income	4	-	4	3
	<u>189</u>	<u>-</u>	<u>189</u>	<u>221</u>
Total Period ended 2017	<u>221</u>	<u>-</u>	<u>221</u>	

5. Investment income

	Unrestricted funds Year ended 2018 £000	Restricted funds Year ended 2018 £000	Total funds Year ended 2018 £000	Total funds Period ended 2017 £000
Investment income - other local investments	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>
Total Period ended 2017	<u>1</u>	<u>-</u>	<u>1</u>	

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

6. Charitable activities

	Total funds Year ended 2018 £000	Total funds Period ended 2017 £000
Direct costs		
Wages and salaries	6,839	4,246
National insurance	564	294
Pension cost	935	532
Educational supplies	221	-
Other direct costs	-	208
	<u>8,559</u>	<u>5,280</u>
Support costs		
Wages and salaries	841	855
National insurance	80	118
Pension cost	530	302
Depreciation	482	332
Net interest cost on pension scheme	49	31
Technology costs	105	170
Travel and subsistence	77	-
Recruitment and support	19	-
Maintenance of premises and equipment	120	59
Cleaning	252	153
Rates	29	34
Energy	175	104
Insurance	79	43
Security	46	36
Catering	652	403
Occupancy costs	101	78
Bank interest and charges	-	1
Other support costs	77	75
Governance costs	355	198
	<u>4,069</u>	<u>2,992</u>
	<u><u>12,628</u></u>	<u><u>8,272</u></u>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

7. Expenditure

	Staff costs Year ended 2018 £000	Premises Year ended 2018 £000	Other costs Year ended 2018 £000	Total Year ended 2018 £000	Total Period ended 2017 £000
Activities:					
Direct costs	8,338	-	221	8,559	5,280
Support costs	1,451	1,023	1,595	4,069	2,992
	<u>9,789</u>	<u>1,023</u>	<u>1,816</u>	<u>12,628</u>	<u>8,272</u>
Total Period ended 2017	<u>6,347</u>	<u>389</u>	<u>1,536</u>	<u>8,272</u>	

In 2018 of the total expenditure, £115,000 (2017: £nil) was to unrestricted funds and £12,513,000 (2017: £8,272,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

8. Net interest cost on pension scheme

	2018 £000	2017 £000
Interest income on pension scheme assets	132	82
Interest on pension scheme liabilities	(181)	(113)
	<u>(49)</u>	<u>(31)</u>

9. Net income/(expenditure)

This is stated after charging:

	Year ended 2018 £000	Period ended 2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	482	332
Auditors' remuneration - audit	14	10
Auditors' remuneration - other services	-	9
Operating lease rentals	25	-
	<u>521</u>	<u>351</u>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

10. Staff costs

a. Staff costs

Staff costs were as follows:

	Year ended 2018 £000	Period ended 2017 £000
Wages and salaries	7,518	5,089
Social security costs	644	412
Operating costs of defined benefit pension schemes	1,465	834
	<u>9,627</u>	<u>6,335</u>
Agency staff costs	49	8
Staff restructuring costs	113	4
	<u>9,789</u>	<u>6,347</u>

Included in operating costs of defined pension schemes is a debit of £414,000 (2017: £185,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

	Year ended 2018 £000	Period ended 2017 £000
Redundancy payments	113	-
Severance payments	-	4
	<u>113</u>	<u>4</u>

b. Staff numbers

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

	Year ended 2018 No.	Period ended 2017 No.
Teacher	133	119
Admin & Support	276	242
Management	14	11
	<u>423</u>	<u>372</u>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

10. Staff costs (continued)

c. Higher paid staff

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

	Year ended 2018 No.	Period ended 2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	3	0
In the band £80,001 - £90,000	0	1
In the band £100,001 - £110,000	1	0

d. Key management personnel

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 £243,000 (2017 :£156,000).

11. Central services

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

- financial services
- legal services
- educational support services

The academy charges for these services on the following basis:

- Flat percentage of 5% of GAG income,

The actual amounts charged during the year were as follows:

	Year ended 2018 £000	Period ended 2017 £000
Atlas Community Primary School	50	37
Green Lane Primary School	139	105
Lilycroft Primary School	90	57
Margaret McMillan Primary School	124	69
Westbourne Primary School	83	51
Total	<u>486</u>	<u>319</u>

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy 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 2018 was is not separable as the RPA charge is based upon student numbers. The cost of insurance is included in the total insurance cost.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

13. 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:

		Year ended 2018 £000	Period ended 2017 £000
Kevin Holland, Accounting Officer	Remuneration	100-105	35-40
	Pension contributions paid	15-20	15-20

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

During the period ended 31 August 2018, One Trustee (2017 : No trustee) received £723 (2017 : £Nil) as reimbursement of expenses.

14. Tangible fixed assets

	Leasehold property £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2017	16,637	275	265	17,177
Additions	7	-	91	98
At 31 August 2018	16,644	275	356	17,275
Depreciation				
At 1 September 2017	188	31	113	332
Charge for the year	287	55	140	482
At 31 August 2018	475	86	253	814
Net book value				
At 31 August 2018	16,169	189	103	16,461
At 31 August 2017	16,449	244	152	16,845

15. Debtors

	2018 £000	2017 £000
Trade debtors	21	54
Other debtors	47	189
Prepayments and accrued income	295	363
	363	606

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	118	200
Other creditors	909	1,415
Accruals and deferred income	357	365
	<u>1,384</u>	<u>1,980</u>
	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	237	-
Resources deferred during the year	231	237
Amounts released from previous years	(237)	-
	<u>231</u>	<u>237</u>
Deferred income at 31 August 2018	<u>231</u>	<u>237</u>

At the balance sheet date the Academy Trust received in advance funding for Universal Infant Free School Meals, which relate to 2018/2019. There was also a balance in relation to unspent funds from a Regional Academy Growth Fund.

17. Statement of funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	1,080	206	(115)	-	-	1,171
Restricted funds						
General Annual Grant (GAG)	458	9,738	(9,199)	(45)	-	952
Pupil Premium	-	942	(942)	-	-	-
Other DfE/ESFA Grants	-	454	(454)	-	-	-
SEN	-	290	(290)	-	-	-
Other government grants	-	676	(676)	-	-	-
Pension reserve	(2,133)	-	(463)	-	688	(1,908)
	<u>(1,675)</u>	<u>12,100</u>	<u>(12,024)</u>	<u>(45)</u>	<u>688</u>	<u>(956)</u>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

17. Statement of funds (continued)

Restricted fixed asset funds

Legacy assets	16,696	7	(459)	-	-	16,244
DFC	47	47	(9)	-	-	85
General Annual Grant (GAG)	108	-	(21)	45	-	132
	<u>16,851</u>	<u>54</u>	<u>(489)</u>	<u>45</u>	<u>-</u>	<u>16,461</u>
Total restricted funds	<u>15,176</u>	<u>12,154</u>	<u>(12,513)</u>	<u>-</u>	<u>688</u>	<u>15,505</u>
Total of funds	<u>16,256</u>	<u>12,360</u>	<u>(12,628)</u>	<u>-</u>	<u>688</u>	<u>16,676</u>

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.

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 Academy Trust's share of the Local Government Pension Scheme as at 31 August 2018.

Pupil Premium is additional funding to be spent as the Academy Trust sees fit to support deprived students.

SEN Funding is towards improving behaviour and attendance.

Other Government Grants are Early Years Funding.

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 2018.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

17. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Atlas Community Primary School	288	188
Green Lane Primary School	713	462
Lilycroft Primary School	427	388
Margaret McMillan Primary School	377	265
Westbourne Primary School	241	215
The Priestley Academy Trust	77	20
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	2,123	1,538
Restricted fixed asset fund	16,461	16,851
Pension reserve	(1,908)	(2,133)
	<hr/>	<hr/>
Total	<u>16,676</u>	<u>16,256</u>

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
Atlas Community Primary School	752	92	34	208	1,086	843
Green Lane Primary School	2,507	122	61	584	3,274	2,501
Lilycroft Primary School	1,480	153	34	366	2,033	1,182
Margaret McMillan Primary School	2,132	214	65	431	2,842	1,741
Westbourne Primary School	1,450	191	21	299	1,961	1,208
The Priestley Academy Trust	17	679	6	248	950	465
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,338	1,451	221	2,136	12,146	7,940
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 5 October 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General Funds	-	1,080	-	-	-	1,080
Restricted funds						
Restricted Funds - all funds	-	8,303	(7,724)	(121)	-	458
Pension reserve	-	(1,829)	(216)	-	(88)	(2,133)
	-	6,474	(7,940)	(121)	(88)	(1,675)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	-	17,062	(332)	121	-	16,851
Total restricted funds	-	23,536	(8,272)	-	(88)	15,176
Total of funds	-	24,616	(8,272)	-	(88)	16,256

18. Analysis of net assets between funds

	Unrestricted funds Year ended 2018 £000	Restricted funds Year ended 2018 £000	Restricted fixed asset funds Year ended 2018 £000	Total funds Year ended 2018 £000
Tangible fixed assets	-	-	16,461	16,461
Current assets	2,352	1,155	-	3,507
Creditors due within one year	(1,181)	(203)	-	(1,384)
Provisions for liabilities and charges	-	(1,908)	-	(1,908)
	1,171	(956)	16,461	16,676

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	Period ended 2017 £000	Period ended 2017 £000	Period ended 2017 £000	Period ended 2017 £000
Tangible fixed assets	-	-	16,845	16,845
Current assets	1,080	2,438	6	3,524
Creditors due within one year	-	(1,980)	-	(1,980)
Provisions for liabilities and charges	-	(2,133)	-	(2,133)
	<u>1,080</u>	<u>(1,675)</u>	<u>16,851</u>	<u>16,256</u>

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

	Year ended 2018 £000	Period ended 2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(268)	16,344
Adjustment for:		
Depreciation charges	482	332
Dividends, interest and rents from investments	(2)	-
Decrease/(increase) in debtors	243	(606)
(Decrease)/increase in creditors	(596)	1,980
Capital grants from DfE and other capital income	(54)	(47)
Defined benefit pension scheme obligation inherited	414	185
Defined benefit pension scheme finance cost	49	31
Net (loss) on assets and liabilities from local authority on conversion	-	(16,044)
Net cash provided by operating activities	<u>268</u>	<u>2,175</u>

20. Analysis of cash and cash equivalents

	Year ended 2018 £000	Period ended 2017 £000
Cash in hand	3,144	2,918
Total	<u>3,144</u>	<u>2,918</u>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

21. Capital commitments

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

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	344	-

22. 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.

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 year.

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

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

22. Pension commitments (continued)

employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £687,000 (2017 - £449,000).

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 Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

22. 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 year ended 31 August 2018 was £499,000 (2017 - £263,000), of which employer's contributions totalled £364,000 (2017 - £187,000) and employees' contributions totalled £135,000 (2017 - £76,000). The agreed contribution rates for future years are 15.5% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.25 %	3.25 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	23.1	23.0
Females	27.1	27.0

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	7,605	7,045
Discount rate -0.1%	7,990	7,401
Mortality assumption - 1 year increase	7,569	7,440
Mortality assumption - 1 year decrease	8,021	7,003
CPI rate +0.1%	7,914	-
CPI rate -0.1%	7,678	-

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

22. Pension commitments (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	4,392	3,923
Government bonds	636	488
Corporate bonds	206	199
Property	247	229
Cash	129	76
Other	277	173
	<hr/>	<hr/>
Total market value of assets	5,887	5,088
	<hr/>	<hr/>

The actual return on scheme assets was £404,000 (2017 - £487,000).

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

	Year ended 2018 £000	Period ended 2017 £000
Interest income	132	82
Interest cost	(181)	(113)
	<hr/>	<hr/>
Total	(49)	(31)
	<hr/>	<hr/>

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

	Year ended 2018 £000	Period ended 2017 £000
Opening defined benefit obligation	7,221	-
Upon conversion	-	6,173
Interest cost	181	113
Employee contributions	136	76
Actuarial (gains)/losses	(416)	493
Benefits paid	(92)	(6)
Past service costs	13	-
Current service costs	752	372
	<hr/>	<hr/>
Closing defined benefit obligation	7,795	7,221
	<hr/>	<hr/>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

22. Pension commitments (continued)

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

	Year ended 2018 £000	Period ended 2017 £000
Opening fair value of scheme assets	5,088	-
Upon conversion	-	4,344
Interest income	132	82
Actuarial losses	272	405
Employer contributions	351	187
Employee contributions	136	76
Benefits paid	(92)	(6)
	<hr/>	<hr/>
Closing fair value of scheme assets	5,887	5,088
	<hr/> <hr/>	<hr/> <hr/>

23. Operating lease commitments

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

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	16	25
Between 1 and 5 years	23	48
	<hr/>	<hr/>
Total	39	73
	<hr/> <hr/>	<hr/> <hr/>

THE PRIESTLEY ACADEMY TRUST
(A company limited by guarantee)

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

24. Related party transactions

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transactions

Action for Business (Bradford) Limited - a company in which Javed Ahmed and Sam Keighley (Trustees) have a directorship:

- The academy trust purchased £1,000 of support services from Action for Business (Bradford) Limited. There were no amounts outstanding at 31 August 2018.
- In entering into the transaction the academy has complied with the requirements of the Academies Financial Handbook 2017 and was made at arms' length.