

PRIESTLANDS SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

PRIESTLANDS SCHOOL

(A Company Limited by Guarantee)

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PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mr Kevin Harriman
Mrs Louise Hill (Resigned 31 August 2018)
Mrs Mary Hill
Mr Chris Willsher (Resigned 31 December 2017)

Trustees

Mrs Beth Bray (Appointed 1 September 2018)
Prof Chris Brown (Community Governor - appointed 19 September 2017)
Mrs Charlotte Cherry (Staff Governor)
Mr Julian Davis (Community Governor)
Mr Mark Dichlian (Community Governor – appointed 13 June 2018)
Mr Kevin Harriman (Parent Governor – Chair of Governors)
Mr David High (Community Governor)
Mrs Louise Hill (Community Governor - Responsible Officer – resigned 31 August 2018)
Mrs Mary Hill (Community Governor – Vice-Chair of Governors)
Mrs Jo Hillier (Parent Governor)
Mr Peter Main (Headteacher and Accounting Officer – appointed 1 January 2018)
Mrs Ruth Owen (Staff Governor)
Mrs Claire Renshaw (Community Governor - appointed 19 September 2017)
Mrs Kathryn Rudd (Parent Governor)
Mrs Juliet Tomlinson (Appointed 19 September 2017 – resigned 19 February 2018)
Mr Chris Willsher (Headteacher and Accounting Officer – resigned 31 December 2017)

Company Secretary

Mrs Caroline Clitherow

Senior Management Team

Mr Chris Willsher Executive Headteacher (to 31 December 2017)
Mr Peter Main Executive Headteacher (from 1 January 2018)
Mrs Julia Emmel Deputy Headteacher
Mr Richard Glenny Deputy Headteacher
Ms Kerrie McAdam Assistant Headteacher
Mr Tom Ritchie Assistant Headteacher
Mrs Hayley Yates Assistant Headteacher
Mrs Carole Gibbs Director of Finance and Administration

Company Name

Priestlands School

Principal and Registered Office

North Street, Pennington, Lymington, Hampshire, SO41 8FZ

Company Registered Number

07695684 (England & Wales)

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Independent Auditor

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

Lloyds TSB, Lymington (308063) Branch, PO Box 1000, BX1 1LT

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Lymington and Pennington. It has a pupil capacity of 1215 and had a roll of 1227 in the Autumn 2017 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of Priestlands School are also the directors and governors of the charitable company for the purposes of company law. The charitable company is known as Priestlands School.

Details of the trustees who served during the year 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

Governors benefit from indemnity insurance to the value of £2,000,000 to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £598.74.

Method of Recruitment and Appointment or Election of Trustees

In December 2014 the Board of Governors reconstituted and the Articles of Association were amended. Under the new constitution there are thirteen governors consisting of three Parent governors, seven Community governors, two Staff governors and the Headteacher. In addition, the members may appoint up to one governor as long as no more than one third of the total number of individuals appointed as governors are employees of the Academy Trust.

Members of the Academy Trust may appoint up to one governor.

Parent governors are elected by parents of the Academy and must be a parent of a student at the academy at the time when he/she is elected. The election of Parent governors is arranged by the Board of Governors and the clerk and every parent who is entitled to vote is invited to take part in a ballot.

Staff governors are elected by staff at the school and the Board of Governors and clerk are responsible for organising the election.

The Headteacher is an ex officio governor. In January 2018 the senior team was restructured with the former Headteacher becoming Executive Headteacher and a new appointment being made to the role of Headteacher. The new Headteacher became an ex officio governor whilst the Executive Headteacher remained a member of the academy trust. This structure will be reviewed in January 2019.

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

Method of Recruitment and Appointment or Election of Trustees (continued)

In 2018 the Board of Governors agreed a new approach to appointing Community Governors (this must be a person who lives or works in the community). Through advertising on the school website, letters to parents or via the local press, the Board wished to create a pool of interested candidates who would be asked to complete an application form which will require two referees. When a vacancy arises:

- Prospective candidates will be invited to visit and tour the school individually with the Headteacher and Chair of Governors/Vice-Chair of Governors;
- There will be an informal discussion about the role after which, if each person is still interested, they will be invited to attend a full Board of Governors meeting when the next vacancy arises, and make a short speech;
- The full Board will then select candidates via a secret ballot;
- If a particular skill set is required this will be communicated clearly to candidates beforehand.

In addition, the Board has agreed to adopt a policy of limiting Community governors' terms of office to no more than three, i.e. twelve years. All re-appointments are subject to a vote by secret ballot and terms of office for all Parent, Staff and Community governors is four years.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Board of Governors has an approved Induction & Mentoring policy and an approved policy for Training (and Training Skills Audit). There is a commitment to ensure that all new governors are assigned a mentor and given necessary information and support to fulfil their role with confidence.

Organisational Structure

Before conversion to academy status on 1 August 2011 Priestlands School was a local authority maintained school, as defined in the School Standards and Framework Act 1998. The relative autonomy of a maintained school meant that the former Board of Governors was structured to undertake similar roles to those required of the governors of an academy. Consequently, whilst the extra responsibilities of the Board of Governors of the Academy Trust have been recognised, its structure still reflects its very successful predecessor.

Until January 2015, the majority of the roles and responsibilities of the Board of Governors had been delegated to a small number of committees, as defined in the terms of reference. The Board of Governors retained responsibility for certain aspects, again as defined in the terms of reference.

From January 2015, the governing body reconstituted and reduced its membership to thirteen including the Headteacher. The new structure has removed the need for committees, however the responsibility for key areas is managed by portfolio holders. The Board of Governors now meets up to 11 times per year with portfolio holders reporting to the Board on their areas of responsibility. Members of the Senior Leadership Team (SLT), in addition to the Headteacher, attend Board of Governors meetings as appropriate. The Headteacher is also the Accounting Officer. The Governors are responsible for the strategic management of the School; deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Headteacher and staff. The latter is carried out at a number of levels; i.e. by the Senior Leadership Team, Heads of Department and Heads of Year.

School policies are developed by SLT to reflect both the strategic direction agreed by the Governors and also statutory requirements. These policies are approved and adopted by the Board of Governors, and implemented as procedures and systems by SLT and other designated members of staff.

During the period 1 September 2017 – 31 August 2018, the Board of Governors met ten times and the Premises, Health & Safety Forum three times.

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

Arrangements for setting pay and remuneration of key management personnel

The school considers its key management personnel to be members of the Senior Leadership Team and trustees. The pay and performance targets for the Senior Leadership Team are subject to scrutiny by members of the Pay Committee who make the decision on the outcome of remuneration following review of performance.

They also agree the five point leadership range for Assistant and Deputy Headteachers and agree the grade for the Business Manager using the pay scales adopted by Hampshire County Council. With the exception of the Headteacher, trustees are not remunerated for their time but have agreed an Expenses Policy to enable them to claim out of pocket expenses in order to fulfil their duties. The school has a published pay policy which has been agreed by unions and decisions made at pay committee are in line with the content of the pay policy.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
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Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1%-50%	1
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£528
Provide the total pay bill	£4,657,076
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.012%

Paid trade union activities

Time spent on paid trade union activities such as a percentage of total paid facility time hours calculated as:

(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	10.56
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PRIESTLANDS SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Related Parties and other Connected Charities and Organisations

Priestlands School is a converter academy which is not part of a federation or multi Academy Trust

Related Parties Questionnaire - September 2017-August 2018		
<u>Director / Governor/ key management</u>	<u>Entities controlled/influenced</u>	<u>Transactions</u>
Chris Brown	None	None
Julian Davis	None	None
Mark Dichlian	None	None
Charlotte Cherry	None	None
Julia Emmel (Deputy Headteacher)	None	None
Carole Gibbs (Business Manager)	None	None
Richard Glenny (Deputy Headteacher)	None	None
Kevin Harriman	SOLWAT (Mechanical Engineer) undertakes plumbing works in other Hampshire Schools	None
David High	None	None
Louise Hill	Youth debit card service used by Priestlands students	None
Mary Hill	None	None
Jo Hillier	None	None
Pete Main (Headteacher)	None	None
Kerrie McAdam (Assistant Headteacher)	None	None
Ruth Owen	None	None
Claire Renshaw	None	None
Tom Ritchie (Assistant Headteacher)	None	None
Kathryn Rudd	Enhance – Education Consultant	None
Juliet Tomlinson	None	None
Chris Willsher (Executive Headteacher)	None	None
Hayley Yates (Assistant Headteacher)	None	None
<u>Close family of director/Gov/KM</u>	<u>Entities controlled/influenced</u>	<u>Transactions</u>
(note relationship with director / Trustee/KM)		
Julian Davis - brother of Kathryn Rudd	None	None
Kathryn Rudd - sister of Julian Davis	None	None
<u>Household of director / Trustee/KM if not included above</u>	<u>Entities controlled/influenced</u>	<u>Transactions</u>
(note relationship with trustee)	-	-
Cara Joynson - partner of Tom Ritchie	None	None
Leyla Bilsborough - partner of Kerrie McAdam		None

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

OBJECTIVES AND ACTIVITIES

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum; and to promote for the benefit of individuals living in Lymington and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objects and Aims

The School's published vision statement is:

"Our vision is to offer an education of high quality which ensures our young people become creative, enthusiastic, hard-working learners who control their own success and contribute positively to the communities in which they live."

Our motto is: "Learn more... Do more... Be more..."

The School's agreed aims are:

- to be a leading comprehensive school, serving our whole traditional community, without selection;
- to provide equality of opportunity, offering a first class curriculum to all students and academic success for all;
- to provide a challenging curriculum, which provides opportunities for all students to achieve their potential, and which eradicates under-achievement;
- to develop attitudes and skills that will enhance our students' ability to work independently, in order to encourage self-discipline, self-confidence and a sense of responsibility;
- to develop our students spiritually, morally, socially and culturally, treating them as individuals in a climate of mutual respect, so that they may enter adult life equipped to make a full contribution as responsible citizens and family members; and
- through a partnership between students and parents, governors and staff, continuously to improve the quality of all we do

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

Objectives, Strategies and Activities

We have referred to the Charity Commission's guidance on public benefit when reviewing our aims and objectives, and in planning our future activities. In particular the governors consider how planned activities will contribute to the aims and objectives they have set.

The School's aims and objectives, set out in the Strategic Plan, are as follows:

SCHOOL PLAN 2016-2019

SUMMARY OF SPECIFIC OUTCOMES REQUIRED IN 2017/18:

STUDENT OUTCOMES: SECURING EXCELLENT PROGRESS FROM ALL STUDENTS

- All students and all groups of students will perform significantly better than schools locally and nationally as evidenced through a range of indicators:
 - Progress 8
 - (9-5) grades in English and Maths
 - English Baccalaureate
- Attainment 8
- Priestlands Pupil Premium students will perform significantly better than schools locally and nationally as evidenced through the same range of indicators.
- Students will make expected progress across the curriculum, but especially in English and maths, and most students will make above expected progress.
- All students and groups of students (SEN, Pupil Premium, Able and Talented, etc) will secure Progress 8 scores ≥ 0 – in particular, we will improve progress and achievement across the sciences, in Music, in Spanish and in Religious Education.
- We will improve progress across the curriculum at the end of KS3.
- All Priestlands students will go on to education, employment or training when they leave.

QUALITY OF TEACHING, LEARNING AND ASSESSMENT: BECOMING THE BEST TEACHERS WE CAN BE

- All teachers will be appraised as Outstanding or Good, with more Outstanding than Good.
- We will embed the Priestlands Path to Progress.
- We will deliver a curriculum and assessment procedure in all subjects and at both key stages that prepare students to achieve at the highest levels in the new GCSE specifications and that incorporates Priestlands' Values (incorporating Fundamental British Values) and communicate this to all stakeholders.
- We will review the nature of homework tasks and their impact on learning.
- We will ensure all CPD is focused on developing evidence-informed practice.

PERSONAL DEVELOPMENT, BEHAVIOUR AND WELFARE, including SMSC: ENSURING OUR STUDENTS ARE HAPPY, HARD-WORKING AND SAFE

- We will ensure overall absence and persistent absence are significantly below national averages for all students and all groups of students.
- We will ensure high expectations of behaviour for learning.
- We will ensure rewards are tracked and published to students and parents consistently, easily and quickly.
- We will provide more opportunities for Student Voice activities.
- We will develop the resilience of all students, especially Pupil Premium students.
- We will promote good mental health, support students with mental health issues and secure whole school understanding of mental health.
- We will continue to ensure that students are safeguarded against extremism and radicalisation and learn how to keep themselves safe online.

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

Objectives, Strategies and Activities (continued)

PERSONAL DEVELOPMENT, BEHAVIOUR AND WELFARE, including SMSC: ENSURING OUR STUDENTS ARE HAPPY, HARD-WORKING AND SAFE (continued)

- We will use the House system to develop the range of extra-curricular activities and the uptake thereof.

LEADERSHIP AND MANAGEMENT: SECURING GREAT LEADERSHIP AT ALL LEVELS

- We will appoint and induct a new Headteacher and Senior Leadership Team.
- We will ensure a culture where all staff contribute and commit to the school vision.
- We will ensure all staff are supported and developed to deliver the best possible learning experience for all students.
- We will ensure teacher appraisal acts as a driver in the delivery of outstanding learning.
- We will ensure robust monitoring and feedback systems are in place to quality assure and develop Teaching & Learning.
- We will promote staff wellbeing and monitor workload, taking action as necessary.
- We will continue to work strategically with the various Teaching School partnerships to provide opportunities for initial teacher training, staff development and recruitment.
- We will sustain a balanced budget.

Public Benefit

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

- Maintaining and developing a high quality education that provides a broad-based academic and vocational curriculum
- Offering a wide range of extra-curricular activities before and after school for students at no cost
- Providing counselling and other support to students and their families
- Allowing access to school facilities at nil or reduced cost with the object of improving links with community clubs
- Providing teacher outreach and support to partner primary schools and other secondary schools
- Providing placements for trainee teachers

Raising money for local and national charities

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

STRATEGIC REPORT

Achievements and Performance

Priestlands is a school and it therefore has the aspirations and objectives which you might expect to see in any such institution. High academic achievement and excellent progress are important objectives every year. 2018 saw the school again achieve excellent GCSE results, with record performances in many subjects despite much volatility both nationally and locally with the introduction of new exams. We are proud of all of our students and staff. Nevertheless, Governors and staff will continue to be vigorous in ensuring that any shortfall in performance in any section of the School is addressed and remedied.

Despite changes in grading and accreditation, we expect the school's performance to stand up to scrutiny when compared to other schools nationally and locally. The headline GCSE figures for 2017/18 are as follows:

Students achieving 9-7 in English and Maths	15%
Students achieving 9-5 in English and Maths	54%
Students achieving 9-4 in English and Maths	74%
5 x A*-C, including English & Maths at 9-4	72%
English Baccalaureate (9-5)	26%
English Baccalaureate (9-4)	25%
Progress 8	TBC
Achievement 8	TBC

Education at Priestlands is about much more than exam results. The school continues to enjoy significant sporting success and its high quality music and drama productions are very well received. The range of extra-curricular activities remains impressive and is highly valued by parents and students.

Key Performance Indicators

The school assesses its performance against the approved budget with adjustments agreed by governors throughout the year. It also ensures that the staffing costs are equal to or less than 75% of income received. Staffing Costs - benchmarking for 2017-18 financial year.

	Budget	Actual
Teachers	£3,556,855	£3,525,574
Agency staff	£15,000	£7,529
Education support staff	£533,703	£567,141
Premises staff	£134,362	£134,633
Admin staff	£375,567	£384,788
Casual staff	£19,000	£18,608
Lunchtime/clubs	£17,000	£15,735
Catering Staff	0	£10,597
Total approved by Governors	£4,651,487	£4,664,605

Staffing costs represent 72.11% of total income received in 2017-18. The variance for actual spend on staffing budget vs. approved budget was £13,118 which represents 0.28% of the original budget.

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

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.

FINANCIAL REVIEW

Key financial policies reviewed during the period include

- Finance
- Risk register
- Gifts and Hospitality

Most of the Academy's income is obtained from the DfES via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities. The Academy also receives grants for fixed assets from the ESFA. In accordance with the 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)), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

Unrestricted and restricted total reserves balance is £604,361. Whilst grants for capital projects are available, bids are made on eligibility criteria and have no guarantee of success, therefore money has to be 'reserved' for major projects.

The academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity. The deficit is reviewed annually and reports are prepared by Aon Hewitt

Trustees have appointed a Responsible Officer who conducts internal audits twice yearly during June and December. During the year, the trustees received the reports from the Responsible Officer which contained no matters of significance.

Reserves Policy

The School's "free reserves" are its funds after excluding restricted funds. "Free reserves" are therefore the resources the School has or can make available to spend for any or all of the School's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the School which is to be spent at the trustees' discretion in furtherance of any of the School's objects but which is not yet spent, committed or designated. The School's level of restricted reserves at 31 August 2018 was £112,394 and unrestricted reserves £491,967.

Demands on the School's reserves will vary over the coming years. The School's long-term policy is that the appropriate level of reserves should be at least £350,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The deficit on the pension reserve relates to the support staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy.

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

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

Reserves Policy (continued)

During 2018-19 the Board of Governors will be discussing planned expenditure which will take into account current reserves including forecasted surplus during 2018-19.

At 31 August 2018 the total funds comprised:

Unrestricted		491,967
Restricted:	Fixed asset funds	17,752,659
	Pension reserve	(1,330,000)
	Other	112,394
		<hr/>
		£17,027,020
		<hr/> <hr/>

Investment Policy

Apart from the cash held for the operation of the School, Priestlands School has no realisable investments. With respect to its cash holdings the Board of Governors has adopted a low risk strategy with only the main current account in operation. The Board of Governors has approved an Investment Policy in order to be able to invest reserves if appropriate but any future investment is only approved with the School's current banking provider.

Principal Risks and Uncertainties

The principal risks facing the School are:

- Reputational and Performance risks are mitigated by regular reviews of our policies and procedures. This is an on-going process which takes account of relevant developments, legislation, guidance and best practice. We have always aspired to the highest standards of conduct and, as a matter of routine, take account of reputational risks to the School.
- Financial Risk – The principal financial risks are a reduction in pupil numbers, introduction of the national funding formula, reduction in central government funding, increase in staffing costs relating to increased employer costs, or unbudgeted major capital repairs. The risks presented here are mitigated by;
 - good control of the current year budget;
 - six monthly internal audits
 - annual external audits
 - use of 5 year forward data to track pupil numbers
 - producing costed site development plans including major capital projects
 - using 3 year budgeting software to highlight potential financial issues
- Risks associated with personnel – mitigated by regular review of the School's staffing structure for both teaching and support staff taking into account known pupil numbers in future years.

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

FUNDRAISING

Our approach to fundraising remains simple. The Priestlands Association organises several fund-raising activities (such as quizzes and other social events). The Priestlands Association also organises a monthly lottery and a scheme aimed at supporting capital projects. In addition, the school is registered with The Giving Machine and with the Amazon Smile scheme. The school does not employ any professional fund-raisers. The Priestlands Association is registered with all necessary bodies, has appropriate insurance and complies with all legislative requirements. The Headteacher and Executive Headteacher monitor fundraising carried out on the school's behalf and attend many of the activities. We have received no complaints about our fundraising. Our fundraising approaches are aimed at parents as a whole, or at parents of particular year groups, not targeted at individuals.

From time to time, the school itself applies for grants from various organisations or government agencies and occasionally receives unsolicited gifts from individuals or organisations.

PLANS FOR FUTURE PERIODS

Key objectives for the school are included within the School Development Plan 2016-19 and focus on Student Outcomes, Quality of Teaching, Student Personal Development and Leadership and Management.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust is not acting as custodian trustee on behalf of any other organisation.

AUDITOR

In so far as the trustees are aware:

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

This Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14 November 2018 and signed on the board's behalf by:

.....
Kevin Harriman
Chair of Governors

.....
Peter Main
Accounting Officer/Headteacher

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Priestlands School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **board of trustees** has formally met [**X**] 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
Prof Chris Brown	6	10
Mr Julian Davis	9	10
Mr Mark Dichlian (Appointed 12 June 2018)	2	2
Mrs Charlotte Cherry	9	10
Mr Kevin Harriman	10	10
David High	8	10
Mrs Louise Hill	6	10
Mrs Mary Hill	10	10
Mrs Jo Hillier	8	10
Mr Pete Main (Headteacher)	10	10
Mrs Ruth Owen	9	10
Mrs Claire Renshaw	9	10
Mrs Kathryn Rudd	8	10
Mrs Juliet Tomlinson (Resigned 19 February 2018)	3	5

- This was another busy year for the Board. They responded to a successful Ofsted inspection in November 2016 and also spent a substantial amount of time discussing the school's budget in order to avoid a deficit in 2017/18. The school was over-subscribed, so Governors debated at length how to accommodate as many first preference applications as possible. Finally, Governors worked with the Headteacher and senior leaders to map out a succession plan for the current Headteacher. Having decided to appoint an internal candidate, Governors then worked hard on a succession of subsequent appointments, resulting in the much-deserved promotions of several other staff. Throughout the year, governors have worked closely with the EHT and HT to ensure continuity of provision.
- Governors met the above challenges with their customary thoroughness and diligence. All issues were discussed at length and alternative outcomes explored. Governors undertook their responsibilities seriously and the final decisions were, therefore, well-judged and well-received.
- Governors have refined their data analysis skills, becoming more selective about what they examine and why, looking at key indicators that have impact on school life rather than drowning in a sea of figures that mean little in themselves and result in even less impact on the school.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

GOVERNANCE (continued)

The current structure of the Board of Governors means that at least nine meetings take place during the year and all work historically conducted at committee level now takes place at the full Board of Governors. The work of the committees has been split into portfolios with key skills being matched to portfolio holders. The portfolio holder for Finance is a qualified accountant who works closely with the Business Manager to ensure the financial health of the school. The reconstituted model ensures that all governors participate fully in all aspects of their responsibilities.

The trustees will continue to review the reconstituted Board of Governors and make any changes required.

Over the past year the Board has considered the Ofsted Report following the inspection in November 2016 and welcomed the school's continuing ambition and agreed with the school's desire to be open and transparent.

In order to continue to challenge the Board's effectiveness, all trustees completed a skills audit designed by the National Governors Association and three potential skills gaps were identified: links with business, SEN expertise and knowledge of current educational policy. As a result, trustees now receive monthly Data information which contains a focus section which enables them to challenge, support and revisit the information on a regular basis; a working group has been set up to explore ways in which the school can generate income through local businesses; and a current trustee has become solely responsible for SEN

The Board is divided into nine Portfolios – Chair of Governors, Finance, Data, Teaching & Learning, SEN, Safeguarding & Welfare, Premises and Health & Safety, Human Resources and Responsible Officer – and the leaders and deputies of these portfolios regularly visit the school and report back to the Board. In addition, policies are considered and ratified on an annual or three year cycle and Health & Safety site tours with trustees, members of staff and students take place at least six times a year.

During the year, the Business Manager and portfolio holder for Finance have presented management reports, finance & business written reports, cash flow statements and balance sheets to governors at five (out of ten) Board meetings. In addition, site development plans have been discussed and a record of all policies relating to finance kept up to date following ratification by governors. The portfolio holder for Finance or the deputy portfolio for Finance have attended all the meetings.

The Risk Register falls under the remit of the Responsible Officer who produces a written report to the Board of Governors annually.

The Board of Governors have appointed MHA Macintyre Hudson to complete external audits. In addition, the governors have assigned a governor to a portfolio which has responsibility for carrying out six monthly internal audits and report findings to the Board of Governors.

At the suggestion of the Auditors, the internal audit focuses on conducting checks on identified areas of the Academy Trust's financial systems following an agreed timetable. At the end of each six monthly check, the audit report is shared with the external auditors, and the portfolio holder reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors financial responsibilities.

The internal audit function has been fully delivered in line with Academies Financial Handbook and no material control issues were found to exist within the period.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

REVIEW OF VALUE FOR MONEY

The Accounting Officer 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 outcome achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- consistent scrutiny of the financial position resulting in a surplus budget despite increased financial pressure due to increased employer costs
- the school achieved another set of excellent GCSE results
- the school sought three quotes for high value site development improvements
- review of staffing resulting in financial savings
- Bringing payroll in house making savings on the use of external provider

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 on-going 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 at Priestlands School for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 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.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 and general purposes 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:

- to assign a trustee to the internal audit portfolio
- to conduct six monthly internal audits following an agreed programme
- to produce a report on the findings
- to share the findings with the Board of Governors and external auditors

The internal auditor portfolio 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 control account/bank reconciliations
- testing of inventory systems
- testing of procurement/contracts

REVIEW OF EFFECTIVENESS

As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year/period in question the review has been informed by:

- the work of the internal audit;
- the work of the external auditor;
- review of the risk register;
- annual approval of the Finance Policy with purchasing guidelines
- the work of the Business Manager and Finance Team 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 the review of the system of internal control through the work of the Board of Governors. Plans to improve processes were implemented to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 14 November 2018 and signed on its behalf by:

.....
Kevin Harriman
Trustee

.....
Peter Main
Accounting Officer

**PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)**

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

As accounting officer of Priestlands School, I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017-18.

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.

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.

.....
Peter Main
Accounting Officer

14 November 2018

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

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

The Trustees (who act as Governors of Priestlands School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the the Trustees' Report (including Strategic 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 14 November 2018 and signed on its behalf by:

.....
Kevin Harriman
Chair of Governors

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRIESTLANDS SCHOOL**

OPINION

We have audited the financial statements of Priestlands School (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 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.

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRIESTLANDS SCHOOL**

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report including the Strategic Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report 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 Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRIESTLANDS SCHOOL**

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 19 December 2018

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
PRIESTLANDS SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 13 July 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 Priestlands School 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 Priestlands School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Priestlands School 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 Priestlands School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PRIESTLANDS SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Priestlands School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing a sample of payroll payments to staff;
- testing a sample of payments to suppliers and other third parties;
- testing a sample of grants received and other income streams;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- making appropriate enquires of the Accounting Officer.

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.

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 19 December 2018

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	1,953	-	53,676	55,629	779,459
Charitable activities	5	-	6,262,022	-	6,262,022	6,229,609
Other trading activities	3	122,119	50,205	-	172,324	191,093
Investments	4	1,983	-	-	1,983	3,176
TOTAL INCOME		126,055	6,312,227	53,676	6,491,958	7,203,337
EXPENDITURE ON:						
Charitable activities		26,070	6,475,778	374,337	6,876,185	6,880,911
TOTAL EXPENDITURE	6	26,070	6,475,778	374,337	6,876,185	6,880,911
NET BEFORE TRANSFERS		99,985	(163,551)	(320,661)	(384,227)	322,426
Transfers between Funds	16	(105,242)	-	105,242	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(5,257)	(163,551)	(215,419)	(384,227)	322,426
Actuarial gains on defined benefit pension schemes	21	-	433,000	-	433,000	808,000
NET MOVEMENT IN FUNDS		(5,257)	269,449	(215,419)	48,773	1,130,426
RECONCILIATION OF FUNDS:						
Total funds brought forward	16	497,224	(1,487,055)	17,968,078	16,978,247	15,847,821
TOTAL FUNDS CARRIED FORWARD		491,967	(1,217,606)	17,752,659	17,027,020	16,978,247

The notes on pages 28 to 52 form part of these financial statements.

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07695684

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		17,752,659		17,666,891
CURRENT ASSETS					
Debtors	14	185,044		631,109	
Cash at bank and in hand	19	859,688		1,042,173	
			<u>1,044,732</u>	<u>1,673,282</u>	
CREDITORS: amounts falling due within one year	15	(440,371)		(731,926)	
NET CURRENT ASSETS			<u>604,361</u>		<u>941,356</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,357,020</u>		<u>18,608,247</u>
Defined benefit pension scheme liability	21		<u>(1,330,000)</u>		<u>(1,630,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>17,027,020</u></u>		<u><u>16,978,247</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	112,394		142,945	
Restricted fixed asset funds	16	17,752,659		17,968,078	
			<u>17,865,053</u>	<u>18,111,023</u>	
Restricted income funds excluding pension liability					
Pension reserve	16	(1,330,000)		(1,630,000)	
			<u>16,535,053</u>	<u>16,481,023</u>	
Total restricted income funds			<u>16,535,053</u>	<u>16,481,023</u>	
Unrestricted income funds	16		<u>491,967</u>	<u>497,224</u>	
TOTAL FUNDS			<u><u>17,027,020</u></u>	<u><u>16,978,247</u></u>	

The financial statements on pages 25 to 52 were approved by the Trustees, and authorised for issue, on 14 November 2018 and are signed on their behalf, by:

.....
Kevin Harriman
Chair of Governors

.....
Peter Main
Accounting Officer/ Headteacher

The notes on pages 28 to 52 form part of these financial statements.

PRIESTLANDS SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	<u>221,961</u>	<u>(208,066)</u>
Cash flows from investing activities:			
Interest income		1,983	3,176
Purchase of tangible fixed assets		(460,105)	(506,451)
Capital grants from DfE Group		23,676	779,459
Capital funding received from sponsors and others		30,000	-
Net cash (used in)/provided by investing activities		<u>(404,446)</u>	<u>276,184</u>
Change in cash and cash equivalents in the year		(182,485)	68,118
Cash and cash equivalents brought forward		<u>1,042,173</u>	<u>974,055</u>
Cash and cash equivalents carried forward	19	<u><u>859,688</u></u>	<u><u>1,042,173</u></u>

The notes on pages 28 to 52 form part of these financial statements.

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.

1.2 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.

Investment income, gains and losses are allocated to the appropriate fund.

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 on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities 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.

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

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

1.4 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.

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

All expenditure is inclusive of irrecoverable VAT.

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 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.

Long leasehold property	-	2% per annum on cost of buildings only
Equipment	-	20% per annum on cost
Motor vehicles	-	20% per annum on cost
Computer equipment	-	33% per annum on cost

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.

1.7 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.

1.8 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.

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

1. ACCOUNTING POLICIES (continued)

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions (continued)

The LGPS is a funded multi-employer 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.

1.13 Financial instruments

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Donations	1,953	-	30,000	31,953	-
Capital grants	-	-	23,676	23,676	779,459
	<u>1,953</u>	<u>-</u>	<u>53,676</u>	<u>55,629</u>	<u>779,459</u>
<i>Total 2017</i>	<u>-</u>	<u>-</u>	<u>779,459</u>	<u>779,459</u>	

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Rental income	5,929	-	5,929	1,192
School fund	10,809	-	10,809	13,189
School clubs	-	29,345	29,345	28,989
Catering	1,631	-	1,631	1,720
Other income	103,750	20,860	124,610	146,003
	<u>122,119</u>	<u>50,205</u>	<u>172,324</u>	<u>191,093</u>
<i>Total 2017</i>	<u>162,800</u>	<u>28,293</u>	<u>191,093</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Investment income	1,983	-	1,983	3,176
	<u>1,983</u>	<u>-</u>	<u>1,983</u>	<u>3,176</u>
<i>Total 2017</i>	<u>3,176</u>	<u>-</u>	<u>3,176</u>	

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,375,466	5,375,466	5,466,177
Pupil premium	-	216,763	216,763	226,384
Other DfE/ESFA grants	-	45,277	45,277	40,116
	-	5,637,506	5,637,506	5,732,677
Other government grants				
SEN income	-	28,718	28,718	33,309
Local authority income	-	8,350	8,350	-
	-	37,068	37,068	33,309
Other funding				
Trip income	-	341,033	341,033	228,090
Catering income	-	246,415	246,415	235,533
	-	587,448	587,448	463,623
	-	6,262,022	6,262,022	6,229,609
<i>Total 2017</i>	-	6,229,609	6,229,609	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

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

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	<i>Total</i> <i>2017</i> £
Academy's educational operations:					
Direct costs	4,104,279	374,337	688,141	5,166,757	<i>5,118,543</i>
Support costs	718,784	408,244	582,400	1,709,428	<i>1,762,368</i>
	4,823,063	782,581	1,270,541	6,876,185	<i>6,880,911</i>
<i>Total 2017</i>	<i>4,802,478</i>	<i>782,451</i>	<i>1,295,982</i>	<i>6,880,911</i>	

In 2018, of the total expenditure of £6,876,185 (2017: £6,880,911) £26,070 (2017: £37,839) was to unrestricted funds, £6,475,778 (2017: £6,456,711) was to restricted funds and £374,337 (2017: £386,361) was to restricted fixed asset funds.

7. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	180	-	

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

8. CHARITABLE ACTIVITIES

	Total funds 2018 £	<i>Total funds 2017 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	4,104,279	4,093,265
Depreciation	374,337	386,361
Other staff costs	7,963	13,683
Educational consultancy	29,217	29,379
Technology costs	40,468	49,530
Educational supplies	143,913	172,264
Examination fees	84,567	77,285
School trips expenditure	345,426	248,701
Other direct costs	36,587	48,075
	5,166,757	5,118,543
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs	718,784	709,213
Pension finance costs	39,000	43,000
Other staff costs	21,428	26,573
Catering supplies	282,957	267,292
Maintenance of premises and equipment	114,306	101,374
Cleaning	123,160	115,489
Energy	62,837	77,761
Security costs	33,341	35,093
Technology costs	53,471	59,937
Rates	28,497	25,471
Administrative supplies	60,909	59,236
Legal and professional	101,341	176,385
Non staff related insurance	36,409	31,104
Other support costs	13,977	16,127
Bank charges	2,579	1,944
Governance costs	16,432	16,369
	1,709,428	1,762,368
	6,876,185	6,880,911

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

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	<i>2017</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	374,337	<i>386,361</i>
Auditors' remuneration - audit	8,750	<i>8,750</i>
Auditors' remuneration - other services	7,273	<i>7,155</i>
Operating lease rentals	6,210	<i>9,306</i>
	=====	=====

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

10. STAFF COSTS

a. Staff costs

Staff costs during the year was as follows:

	2018 £	2017 £
Wages and salaries	3,759,945	3,737,050
Social security costs	345,932	343,901
Pension costs	709,657	704,596
	<u>4,815,534</u>	<u>4,785,547</u>
Agency staff costs	7,529	6,931
Staff restructuring costs	-	10,000
	<u>4,823,063</u>	<u>4,802,478</u>

Staff restructuring costs comprise:

Severance payments	-	10,000
	<u>-</u>	<u>10,000</u>

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

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2017: one payment of £10,000).

c. Staff numbers

	2018 No.	2017 No.
Teachers	79	86
Administration and support	72	62
Management	10	7
	<u>161</u>	<u>155</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	4	3
In the band £110,001 - £120,000	0	1

Two of the above employees participated in the Teachers' Pension Scheme during the year ended 31 August 2018. Pension contributions for these staff amounted to £22,208 (2017: £22,077). One of the above employees participated in the Local Government Pension Scheme during the year ended 31 August 2018. Pension contributions for this employee amounted to £8,794 (2017: £8,306).

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

10. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprises the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £696,382 (2017: £694,431).

11. RELATED PARTY TRANSACTIONS - 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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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:

		2018	2017
		£	£
C Willsher - Headteacher (Resigned on 31 December 2017)	Remuneration	35,000-40,000	<i>110,000-115,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
P Main - Headteacher (appointed on 1 January 2018)	Remuneration	45,000-50,000	
	Pension contributions paid	5,000-10,000	
C Cherry	Remuneration	35,000-40,000	<i>35,000-40,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
R Owen	Remuneration	40,000-45,000	<i>30,000-35,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>

Remuneration disclosures for trustees who resigned prior to 1 September 2017 are not reflected in the table above.

During the year ended 31 August 2018, expenses relating to travel and subsistence expenses totalling £609 (2017 - £385) were reimbursed to five Trustees (2017 - three Trustees).

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 business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £599 (2017 - £671). The cost of this insurance is included in the total insurance cost.

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

13. TANGIBLE FIXED ASSETS

	Long leasehold property £	Equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2017	19,215,481	220,360	149,526	3,300	19,588,667
Additions	323,946	67,012	31,782	37,365	460,105
At 31 August 2018	<u>19,539,427</u>	<u>287,372</u>	<u>181,308</u>	<u>40,665</u>	<u>20,048,772</u>
Depreciation					
At 1 September 2017	1,686,692	82,258	149,526	3,300	1,921,776
Charge for the year	325,237	40,451	6,144	2,505	374,337
At 31 August 2018	<u>2,011,929</u>	<u>122,709</u>	<u>155,670</u>	<u>5,805</u>	<u>2,296,113</u>
Net book value					
At 31 August 2018	<u>17,527,498</u>	<u>164,663</u>	<u>25,638</u>	<u>34,860</u>	<u>17,752,659</u>
At 31 August 2017	<u>17,528,789</u>	<u>138,102</u>	<u>-</u>	<u>-</u>	<u>17,666,891</u>

Long leasehold property additions comprise extension of the existing dining hall room.

Included in long leasehold property is long leasehold land at valuation of £3,053,266 (2016 - £3,053,266) which is not depreciated.

14. DEBTORS

	2018 £	2017 £
Trade debtors	-	131
Other debtors	289	-
Prepayments and accrued income	155,147	510,700
VAT recoverable	29,608	120,278
	<u>185,044</u>	<u>631,109</u>

PRIESTLANDS SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	68,125	364,097
Other taxation and social security	88,653	86,943
Other creditors	95,921	22,955
Accruals and deferred income	187,672	257,931
	<hr/> 440,371 <hr/>	<hr/> 731,926 <hr/>
	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	239,169	166,558
Resources deferred during the year	170,669	239,169
Amounts released from previous years	(239,169)	(166,558)
Deferred income at 31 August 2018	<hr/> 170,669 <hr/>	<hr/> 239,169 <hr/>

Deferred income of £170,669 relates to school trips and music fee income occurring after 31 August 2018, and rates grant relating to the period to 31 March 2019.

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

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Resources expended £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted funds	497,224	126,055	(26,070)	(105,242)	-	491,967
Restricted funds						
	Balance at 1 September 2017 £	Income £	Resources expended £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	37,459	5,375,466	(5,365,082)	(40,935)	-	6,908
Pupil premium	-	216,763	(216,763)	-	-	-
Other DfE/ESFA grants	-	45,277	(45,277)	-	-	-
Catering	-	246,415	(282,957)	36,542	-	-
Trips	-	341,033	(345,426)	4,393	-	-
Assets transferred from local authority	105,486	-	-	-	-	105,486
Local authority grants	-	37,068	(37,068)	-	-	-
Other restricted funds	-	50,205	(50,205)	-	-	-
Pension reserve	(1,630,000)	-	(133,000)	-	433,000	(1,330,000)
	<u>(1,487,055)</u>	<u>6,312,227</u>	<u>(6,475,778)</u>	<u>-</u>	<u>433,000</u>	<u>(1,217,606)</u>
Restricted fixed asset funds						
	Balance at 1 September 2017 £	Income £	Resources expended £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2018 £
DfE/ESFA capital grants	301,187	53,676	-	(354,863)	-	-
Fixed asset fund	17,666,891	-	(374,337)	460,105	-	17,752,659
	<u>17,968,078</u>	<u>53,676</u>	<u>(374,337)</u>	<u>105,242</u>	<u>-</u>	<u>17,752,659</u>
Total restricted funds	<u>16,481,023</u>	<u>6,365,903</u>	<u>(6,850,115)</u>	<u>105,242</u>	<u>433,000</u>	<u>16,535,053</u>
Total of funds	<u>16,978,247</u>	<u>6,491,958</u>	<u>(6,876,185)</u>	<u>-</u>	<u>433,000</u>	<u>17,027,020</u>

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

16. STATEMENT OF FUNDS (continued)

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

All general funds are held for the purposes of education in line with the Academy's objectives.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education and Skills Funding Agency and the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Academy.

The other DfE/ESFA restricted fund represents other funding received from the government which does not form part of GAG but is received in relation to specific purposes.

The local authority restricted fund represents other funding received from the local authority in relation to specific purposes such as SEN funding.

Other restricted funds include donations and miscellaneous educational income which must be used for the purposes agreed.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to Academy status, and through which all the pension scheme movements are recognised.

The fixed asset fund has been set up to recognise the tangible assets gifted to the Academy upon conversion which represent the school site including the leasehold land and buildings and capital grants. Depreciation charged on those inherited assets is allocated to the fund as well as fixed asset additions and disposals.

The capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure. Transfers are made to the capital grants fixed asset fund for expenditure incurred that is in respect of tangible fixed assets.

Transfers between unrestricted funds and restricted fixed asset funds represent capital additions funded by restricted reserves.

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.

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

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Resources expended £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
General unrestricted funds	369,087	165,976	(37,839)	-	-	497,224
Restricted funds						
	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Resources expended £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (losses) £</i>	<i>Balance at 31 August 2017 £</i>
General Annual Grant (GAG)	81,892	5,466,177	(5,482,431)	(28,179)	-	37,459
Pupil premium	-	226,384	(226,384)	-	-	-
Other DfE/ESFA grants	-	40,116	(40,116)	-	-	-
Catering	-	235,533	(235,533)	-	-	-
Trips	-	228,090	(228,090)	-	-	-
Assets transferred from local authority	105,486	-	-	-	-	105,486
Big lottery fund	17,677	-	(17,677)	-	-	-
Local authority grants	-	33,309	(33,309)	-	-	-
Other restricted funds	1,878	28,293	(30,171)	-	-	-
Pension reserve	(2,275,000)	-	(163,000)	-	808,000	(1,630,000)
	<u>(2,068,067)</u>	<u>6,257,902</u>	<u>(6,456,711)</u>	<u>(28,179)</u>	<u>808,000</u>	<u>(1,487,055)</u>
Restricted fixed asset funds						
	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Resources expended £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (losses) £</i>	<i>Balance at 31 August 2017 £</i>
DfE/ESFA capital grants	-	755,783	-	(454,596)	-	301,187
Devolved formula capital grant	-	23,676	-	(23,676)	-	-
Fixed asset fund	17,546,801	-	(386,361)	506,451	-	17,666,891
	<u>17,546,801</u>	<u>779,459</u>	<u>(386,361)</u>	<u>28,179</u>	<u>-</u>	<u>17,968,078</u>
Total restricted funds	<u>15,478,734</u>	<u>7,037,361</u>	<u>(6,843,072)</u>	<u>-</u>	<u>808,000</u>	<u>16,481,023</u>
Total of funds	<u>15,847,821</u>	<u>7,203,337</u>	<u>(6,880,911)</u>	<u>-</u>	<u>808,000</u>	<u>16,978,247</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted funds	369,087	292,031	(63,909)	(105,242)	-	491,967
Restricted funds						
	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Resources expended £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (losses) £</i>	<i>Balance at 31 August 2018 £</i>
General Annual Grant (GAG)	81,892	10,841,643	(10,847,513)	(69,114)	-	6,908
Pupil premium	-	443,147	(443,147)	-	-	-
Other DfE/ESFA grants	-	85,393	(85,393)	-	-	-
Catering	-	481,948	(518,490)	36,542	-	-
Trips	-	569,123	(573,516)	4,393	-	-
Assets transferred from local authority	105,486	-	-	-	-	105,486
Big lottery fund	17,677	-	(17,677)	-	-	-
Local authority grants	-	70,377	(70,377)	-	-	-
Other restricted funds	1,878	78,498	(80,376)	-	-	-
Pension reserve	(2,275,000)	-	(296,000)	-	1,241,000	(1,330,000)
	<u>(2,068,067)</u>	<u>12,570,129</u>	<u>(12,932,489)</u>	<u>(28,179)</u>	<u>1,241,000</u>	<u>(1,217,606)</u>
Restricted fixed asset funds						
	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Resources expended £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (losses) £</i>	<i>Balance at 31 August 2018 £</i>
DfE/ESFA capital grants	-	809,459	-	(809,459)	-	-
Devolved formula capital grant	-	23,676	-	(23,676)	-	-
Fixed asset fund	17,546,801	-	(760,698)	966,556	-	17,752,659
	<u>17,546,801</u>	<u>833,135</u>	<u>(760,698)</u>	<u>133,421</u>	<u>-</u>	<u>17,752,659</u>
	<u>15,478,734</u>	<u>13,403,264</u>	<u>(13,693,187)</u>	<u>105,242</u>	<u>1,241,000</u>	<u>16,535,053</u>
Total of funds	<u><u>15,847,821</u></u>	<u><u>13,695,295</u></u>	<u><u>(13,757,096)</u></u>	<u><u>-</u></u>	<u><u>1,241,000</u></u>	<u><u>17,027,020</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	17,752,659	17,752,659
Current assets	491,967	552,765	-	1,044,732
Creditors due within one year	-	(440,371)	-	(440,371)
Provisions for liabilities and charges	-	(1,330,000)	-	(1,330,000)
	<u>491,967</u>	<u>(1,217,606)</u>	<u>17,752,659</u>	<u>17,027,020</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i> 2017 £	<i>Restricted funds</i> 2017 £	<i>Restricted fixed asset funds</i> 2017 £	<i>Total funds</i> 2017 £
Tangible fixed assets	-	-	17,666,891	17,666,891
Current assets	497,224	874,871	301,187	1,673,282
Creditors due within one year	-	(731,926)	-	(731,926)
Provisions for liabilities and charges	-	(1,630,000)	-	(1,630,000)
	<u>497,224</u>	<u>(1,487,055)</u>	<u>17,968,078</u>	<u>16,978,247</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(384,227)	322,426
Adjustment for:		
Depreciation charges	374,337	386,361
Interest income	(1,983)	(3,176)
Decrease/(increase) in debtors	446,065	(420,077)
(Decrease)/increase in creditors	(291,555)	122,859
Capital grants from DfE and other capital income	(53,676)	(779,459)
Defined benefit pension scheme finance cost	133,000	163,000
Net cash provided by/(used in) operating activities	<u>221,961</u>	<u>(208,066)</u>

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

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	859,688	1,042,173
Total	859,688	1,042,173

20. CAPITAL COMMITMENTS

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

	2018	2017
	£	£
Contracted for but not provided in these financial statements	-	281,636

21. PENSION COMMITMENTS

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

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

Contributions amounting to £79,045 were payable to the schemes at 31 August 2018 (2017 - £Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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:

NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £426,746 (2017 - £419,214).

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.

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 £235,000 (2017 - £222,000), of which employer's contributions totalled £182,000 (2017 - £171,000) and employees' contributions totalled £53,000 (2017 - £51,000). The agreed contribution rates for future years are 21.8% rising to 24.3% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Rate of increase in deferred pensions	3.10 %	3.10 %

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FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
Retiring today		
Males	24.1	<i>24.0</i>
Females	27.2	<i>27.0</i>
Retiring in 20 years		
Males	26.2	<i>26.0</i>
Females	29.4	<i>29.3</i>

	At 31 August 2018	<i>At 31 August 2017</i>
	£	<i>£</i>
Sensitivity analysis - present value of total obligation		
Discount rate +0.1%	4,634,000	<i>4,505,000</i>
Discount rate -0.1%	4,845,000	<i>4,711,000</i>
Mortality assumption - 1 year increase	4,871,000	<i>4,743,000</i>
Mortality assumption - 1 year decrease	4,605,000	<i>4,472,000</i>
CPI rate +0.1%	4,811,000	<i>4,678,000</i>
CPI rate -0.1%	4,666,000	<i>4,537,000</i>

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

	Fair value at 31 August 2018	<i>Fair value at 31 August 2017</i>
	£	<i>£</i>
Equities	2,178,000	<i>1,822,000</i>
Gilts	780,000	<i>738,000</i>
Corporate bonds	42,000	<i>33,000</i>
Property	235,000	<i>194,000</i>
Cash and other liquid assets	78,000	<i>89,000</i>
Other assets	95,000	<i>101,000</i>
Total market value of assets	<u>3,408,000</u>	<i><u>2,977,000</u></i>

The actual return on scheme assets was £77,000 (2017 - £54,000).

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

21. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(276,000)	(291,000)
Interest cost	(39,000)	(43,000)
Total	<u>(315,000)</u>	<u>(334,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,607,000	4,873,000
Current service cost	276,000	291,000
Interest cost	116,000	97,000
Employee contributions	53,000	51,000
Actuarial gains	(286,000)	(638,000)
Benefits paid	(28,000)	(67,000)
Closing defined benefit obligation	<u>4,738,000</u>	<u>4,607,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,977,000	2,598,000
Return on plan assets(excluding net interest on the net defined pension liability)	77,000	54,000
Actuarial losses	147,000	170,000
Employer contributions	182,000	171,000
Employee contributions	53,000	51,000
Benefits paid	(28,000)	(67,000)
Closing fair value of scheme assets	<u>3,408,000</u>	<u>2,977,000</u>

The amount shown in the Statement of Financial Activities is:

	2018 £	2017 £
Changes in financial assumptions	286,000	638,000
Return on assets excluding amounts included in net interest	147,000	170,000
Actuarial gains/(losses) on defined benefit pension schemes	<u>433,000</u>	<u>808,000</u>

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

PENSION COMMITMENTS (continued)

The amount shown in the Balance Sheet is:

	2018	2017
	£	£
Present value of defined benefit obligation	(4,738,000)	(4,607,000)
Fair value of scheme assets	3,408,000	2,977,000
Defined benefit pension scheme liability	<u>(1,330,000)</u>	<u>(1,630,000)</u>

22. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£	£
Amounts payable:		
Within 1 year	6,210	1,664
Between 2 and 5 years	9,204	2,944
Total	<u>15,414</u>	<u>4,608</u>

23. 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 Academies Financial Handbook and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

24. MEMBERS' LIABILITY

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