

Company Registration Number: 08002543 (England & Wales)

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 9
Governance Statement	10 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Governors' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 44

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Mr S Crossley
Mrs V Clear
Mrs B J Coleman
Mrs T Warren (appointed 16 November 2016)

Governors

Mr S Crossley, Chair of Governors (resigned 27 August 2017)¹
Mrs B J Coleman (resigned 20 September 2017)¹
Mrs V Clear, Vice Chair (appointed Chair from 1 September 2017)¹
Mrs M Smith, Head Teacher¹
Miss E Collins, Staff Governor (resigned 20 September 2017)
Mr H Cross, Staff Governor (resigned 12 July 2017)
Mr P O'Neill¹
Mrs V Green¹
Mrs T Warren, Chair of Finance¹
Mrs S Wilkinson (appointed 21 September 2016)¹

¹ Members of the Finance and General Purposes Committee

Company registered number

08002543

Company name

Priory Academy, Dunstable

Principal and registered office

Priory Academy
Britain Street
Dunstable
Bedfordshire
LU5 4JA

Senior management team

Mrs M Smith, Headteacher
Miss E Collins, Deputy Headteacher
Mrs T Newton, Business Manager (resigned 31 May 2017)
Mrs J Bedford, Business Manager (appointed 1 September 2017)
Mrs M Morris, Assistant Headteacher
Mrs D Herbert, Leader of Behaviour for Learning and Geography
Mr H Cross, Key Stage 4 Leader (resigned 31 August 2017)
Miss Y Wilson, SENCo
Miss L Croft, Assistant Headteacher (appointed 1 September 2016)
Mr K Davies, Assistant Headteacher (appointed 1 September 2016)

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Independent auditors

Streets Audit LLP
Chartered Accountants
Statutory Auditors
Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedford
MK44 3BZ

Bankers

Lloyds Bank Plc
12-14 High Street North
Dunstable
Bedfordshire
LU6 1JY

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report under charity law, and a Directors' report under company law.

The Governors of Priory Academy adhere to the 7 principles of public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The trust operates an Academy for pupils aged 9-16 (ages 9-15 for the prior period). The pupil number for 2016/17 (January 2017 census) was 693.

Structure, governance and management

a. 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, dated 18th April 2012. The Governors of Priory Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Priory Academy, Dunstable.

The charitable company was incorporated on 22nd March 2012 and took over the activities of Priory Middle School on 1st June 2012.

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

b. 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.

c. GOVERNORS' INDEMNITIES

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions whilst on Academy business. The insurance provides cover up to £2,000,000.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The Governors are the directors of the Academy Trust.

Trustees are recruited in a number of ways, including advertisements placed in the school newsletter and on the website. External providers such as SGOSS are also used. Parent Governor vacancies are notified to all parents within the school and interested parties are invited to complete and return a nomination form, if more forms are returned than there are vacancies a ballot would take place.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

A Governors Term of Office shall be 4 years, but this time limit will not apply to the Headteacher, however any Governor may be re-appointed or re-elected.

During the year under review the Governors held 4 Full Governing Body meetings, in addition the Finance and General Purpose Committee met on 4 occasions and the Standards Committee on 2 occasions.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

All new Governors will be given a tour of the Academy and the chance to meet staff and pupils. All Governors are provided with copies of the policies, procedures, minutes, accounts, budgets, plans and other documents they need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored to the specific individual, although all new Governors are required to attend a Governors Training course run by the Local Authority or such other provider the service to which the Academy subscribes.

f. ORGANISATIONAL STRUCTURE

The management structure of the Academy has altered only slightly since Academy conversion so as to avoid too much change too quickly and to reflect the requirements of the altered company based structure the conversion introduced. The structure now consists of three levels: The Members of the Academy, The Governors and the Senior Leadership Team. The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels and avoid replication of works and roles.

The Members have delegated their powers to the Governors who are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team is made up of the Headteacher, Deputy Headteacher, Business Manager, three Assistant Headteachers, KS4 Leader, Leader of Behaviour for Learning and SENCo. The Senior Leadership Team is responsible for the day to day provision of teaching and learning within the Academy, and in particular staff management, the efficient and cost effective usage of facilities and resources, and the security and safeguarding of the pupils.

Limited spending control is devolved to individual budget holders. The Headteacher and Business Manager can authorise expenditure up to agreed limits and budgets but capital or other significant expenditure requires authorisation by the Finance and General Purpose Committee of the Governors.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Headteacher's pay and remuneration is reviewed as part of his/her annual Performance Management meeting and all other key management personnel remuneration is reviewed and set according to the fixed scales and the Pay Policy.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There are no subsidiary companies or connected organisations.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

a. OBJECTS, AIMS AND OBJECTIVES

The principal object and activity of the Academy Trust is the operation of Priory Academy to provide education for pupils of different abilities between the ages of 9 and 16 and to advance for the public benefit education in the United Kingdom.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Academy motto is 'Learning today for a better tomorrow'. The Academy's main strategy is encompassed in its vision statement which is:

To seek and provide opportunities for all pupils and staff to reach their full potential. To strive for excellence by teaching and preparing the children to have confidence, to accept and respond to challenges, to have an enduring passion for learning and to become independent thinkers with respect for themselves and others.

Our vision is underpinned by:

- Our 10 values plus 5 British Values
- High expectations of ourselves and others, in all dimensions of school life
- Inclusion and equality, which includes embracing and celebrating diversity
- Community and participation, for the common good

Our key aims:

- To provide a safe, secure and happy learning environment
- To support and nurture enquiring minds and independent learners
- To establish a relevant, well-resourced and well-balanced curriculum
- To prepare our young people as global citizens
- To strive for excellence

We follow the 'values-based' education philosophy, and promote and nurture our children to have a sense of respect for self and others.

Our values are:

Appreciation	Kindness
Aspiration	Loyalty
Co-operation	Perseverance
Generosity	Positivity
Honesty	Responsibility

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

and the British Values

Democracy	The Rule of Law	Individual Liberty
Mutual Respect	Tolerance of those of different faiths and beliefs	

The Academy strives to ensure that standards are continually raised. New challenging targets and increased rigour of teaching, self assessment and bench-marking are in place to ensure that standards and achievement keep rising.

c. PUBLIC BENEFIT

Priory Academy, Dunstable provides free education for pupils aged between 9 and 16. The Governors confirm that they have complied with their duty to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

Strategic report

Achievements and performance

a. ACHIEVEMENTS AND PERFORMANCE

The Academy was inspected by Ofsted in June 2017 and was rated Good, with Outstanding features.

The school role has remained strong with a high level intake of pupils with the total number of students being 693.

Key Performance Indicators

The school's performance at KS2 and KS4 was in line or better than national averages in 2016. The students attainment at KS2 and 4 were very high.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The 2017 Key Stage 2 (SATs) results:

	% of pupils at expected standard or above (Priory)	% of pupils at expected standard or above (National)	Average scaled score (Priory)	Average scaled score (National)	% of pupils achieving high standard (Priory)	% of pupils achieving high standard (National)
Reading	81%	71%	105	104	27%	25%
Grammar, Punctuation and Spelling	87%	77%	107	106	29%	31%
Mathematics	94%	75%	106	104	28%	23%
Writing (teacher assessed)	82%	76%	n/a	n/a	29%	18%
Reading/Writing/Mathematics	71%	61%	n/a	n/a	11%	9%

Progress measure KS1 to KS2	
Reading progress score (confidence level in bracket)	-0.2 (-1.3 to -0.9)
Writing progress score (confidence level in bracket)	0.5 (-0.6 to 1.6)
Mathematics progress score (confidence level in bracket)	1.2 (0.2 to 2.2)

The 2017 Key Stage 4 (GCSE) results:

Overall attainment 8	English element	Maths element	EBacc element	Open element	% Grade 4+ Maths/Eng	% Grade 5+ Maths/Eng	% Ebacc
51	10.8	11.2	13.9	15.2	83	69	28

Pupil Attendance Data

The school's attendance data is one of the best attendance records in the county

	2014	2015	2016	2017
Priory	96.6%	96.78%	96.89%	97%
National	95.6%	95.7%	96%	

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

b. GOING CONCERN

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

Financial review

a. FINANCIAL POSITION

The Academy held fund balances totalling £4,854,600 at 31 August 2017 comprising:

- Restricted Fixed Asset Fund of £4,811,653 (2016 £4,919,615) which represents the schools assets held for ongoing use by the academy;
- Accumulated GAG funds totalling £264,028 (2016 £110,454)
- Unrestricted funds totalling £262,919 (2016 £256,986)
- Deficiency of LGPS pension reserve amounting to £484,000 (2016 £688,000)

The free reserves available for the ongoing use of the academy trust therefore amounted to £526,947, (2016 £367,440). The Governors consider that the current level of reserves remains in line with the reserves policy as further development of the school's facilities will be required in the forthcoming year.

b. RESERVES POLICY

The Governors review the reserve levels of the Academy termly. This review examines the income and expenditure streams against the forecasts to match commitments etc., and to identify or forecast any potential shortfall. The Governors have determined the appropriate level of reserves should be £200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of income from the applicable streams or to provide a cushion for unexpected expenditure and emergencies. The Academy will continue to keep reserves at this level subject to constant and ongoing review.

There are significant uncertainties for the future level of funding generally as a result of external influences, however the academy continues to manage its reserves as efficiently as possible for factors within its control.

c. INVESTMENT POLICY

The academy's cash reserves are held in a bank deposit account in order to maximise the rate of interest received whilst ensuring that funds are held securely and readily available if needed.

d. PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented systems to assess the risks that the school faces, especially in the operational areas (i.e. in relation to teaching, health and safety and bullying) and in relation to the control of finance. We have introduced operational procedures (e.g. vetting of new staff visitors, governors, supervision of the grounds and buildings) and internal financial controls (as per below) in order to minimise risk. The Academy has a robust and effective system of internal financial controls and this is explained in more details in the following statement.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

a. FUTURE DEVELOPMENTS

The Academy will continue to improve its level of performance of its pupils at all levels and to develop and support the school ethos and values learning. The Academy will remain open to alternative routes of income generation which would aid the Academy in achieving its aims and mission statement.

The academy continually updates its school development plan to react to changes on all levels to benefit its students and wider community. In 2013, in response to the educational reforms in Dunstable the Academy gained approval from the Department for Education to change its provision from 9-13 years to 9-16 years. As such, the Academy has and will continue to make significant investments to ensure that it achieve its goals and aspirations.

The Governors are kept informed of changes in the surrounding educational landscape and are mindful of the necessity to consider the impact of plans for housing developments within the local community.

Also within the past year, three local middle schools have closed as the move to a two tier education structure within Dunstable has continued.

The Governors constantly consider these challenges and their possible impact upon the Academy.

During the 2017 summer recess, investment has been made in creating one additional classroom by reconfiguring the Art room, refurbishment and upgrading of several classrooms to accommodate expansion of pupil numbers through the extension in provision.

The Governors are aware that the possibility of over-demand for places would be as much an issue as over-capacity and consider the options available, and action to be taken, dependent upon possible future medium term scenarios.

DISCLOSURE OF INFORMATION TO AUDITORS

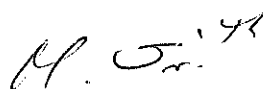
In so far as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 29 November 2017 and signed on its behalf by:



Mrs V Clear
Chair of Governors



Mrs M Smith
Head Teacher

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Governors has delegated the day-to-day responsibility to the 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 Priory Academy, Dunstable and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr S Crossley, Chair of Governors	3	4
Mrs B J Coleman	3	4
Mrs V Clear, Vice Chair (appointed Chair from 1 September 2017)	4	4
Mrs M Smith, Head Teacher	4	4
Miss E Collins, Staff Governor	4	4
Mr H Cross, Staff Governor	4	4
Mr P O'Neill	4	4
Mrs V Green	4	4
Mrs T Warren, Chair of Finance	2	4
Mrs S Wilkinson	4	4

The Finance and General Purposes Committee is a sub-committee of the main board of Governors. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, comply with reporting and regulatory requirements, receive reports from the Responsible Officer and auditors and draft the annual budget.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs T Warren, Chair of Finance Committee	4	4
Mr S Crossley, Chair of Governors	3	4
Mrs V Clear, Vice Chair	4	4
Mrs S Wilkinson	2	4
Mrs M Smith, Head Teacher	4	4
Mr P O'Neill	3	4
Mrs B Coleman	3	4
Mrs V Green	1	4

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

There have been some changes in the members of the Governing Body during the year, including the recruitment of a new Chair of Governors. The Chair of Governors resigned at the end of the academic year and Mrs V Clear was appointed as the new Chair of Governors from 1 September 2017.

Governance reviews:

The Governors have reviewed the composition of the Governing Body in order to appoint new Governors with relevant skills and experience.

REVIEW OF VALUE FOR MONEY

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

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

Set out below is how the trust ensures that the academy uses its resources in an effective, efficient, prudent and good value for money approach during the academic year.

Improving educational results:

- Attainment standards are in line or above the national averages at all key stages
- The school continues to achieve high KS2 results year on year

Targeted improvement:

- **Improved attendance** – Senior Leader working with Attendance Officer: attendance at the top quintile nationally
- **Collaboration** – Working closely with our feeder lower schools (Priory Partnership for Learning): smooth transition + sharing of good teaching practice
- **New initiatives** – Headteacher is Central Bedfordshire Leader of Education and offers school to school support and runs training sessions for the teaching schools
- **New staffing** - Appointment of new secondary trained staff in preparations for school's first GCSE examinations in 2017.

Quantifying improvements: Pupils' outcome remain good (school's results above the national average), combined with good financial stability.

Better purchasing: The school follows 'Best Value' practice. Contracts are reviewed on an annual basis by the governing body and alternative quotes are sought for comparison.

Better income generation: The school always seeks out opportunities within the local community.

Priory Academy, Dunstable will continue to undertake benchmarking its performance and outcomes to enable an effective, efficient and prudent educational provision for its young people.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Priory Academy, Dunstable for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr P Davis as Responsible Officer (RO).

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

- Confirm a sample of bank reconciliations to the accounts
- Confirm a sample of invoices have been appropriately authorised and that approved spending limits have not been breached
- To ensure all departments maintain official asset registers and that there are adequate controls to monitor the existence and security of assets
- To review the procedures for financial reporting to the ESFA and Governing Body
- To confirm any related party transactions have been undertaken at arm's length

The RO has made two reports to the Board of Governors through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 29 November 2017 and signed on their behalf, by:



Mrs V Clear
Chair of Trustees



Mrs M Smith, Head Teacher
Accounting Officer

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mrs M Smith
Accounting Officer

Date: 29 November 2017

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Governors on 29 November 2017 and signed on its behalf by:



Mrs V Clear
Chair of Governors

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRIORY
ACADEMY, DUNSTABLE**

OPINION

We have audited the financial statements of Priory Academy, Dunstable for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRIORY
ACADEMY, DUNSTABLE**

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

However, only partial disclosure has been made in respect of Governors' remuneration (note 10).

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRIORY
ACADEMY, DUNSTABLE**

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Linda J Lord

Linda J Lord (Senior Statutory Auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedford
MK44 3BZ

Date: *7 December 2017*

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PRIORY
ACADEMY, DUNSTABLE AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Priory Academy, Dunstable during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Priory Academy, Dunstable and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Priory Academy, Dunstable 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 Priory Academy, Dunstable and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PRIORY ACADEMY, DUNSTABLE'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Priory Academy, Dunstable's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

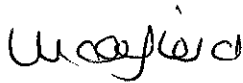
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PRIORY
ACADEMY, DUNSTABLE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

The work undertaken to draw our conclusions included:

- Review of the Academy's systems and controls to ensure effective design
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments.
- Review of a sample of expenses focusing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year.
- Discussion with the Finance Team.

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Linda J Lord

Streets Audit LLP

Chartered Accountants
Statutory Auditors

Potton House
Wyboston Lakes
Great North Road
Wyboston
Bedford
MK44 3BZ

Date: 7 December 2017

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**


	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	152,343	-	19,228	171,571	168,534
Charitable activities	3	-	3,087,422	-	3,087,422	2,665,091
Other trading activities	4	7,115	-	-	7,115	7,510
Investments	5	1,104	-	-	1,104	3,214
TOTAL INCOME		160,562	3,087,422	19,228	3,267,212	2,844,349
EXPENDITURE ON:						
Raising funds	6	154,629	-	-	154,629	160,643
Charitable activities	6,7	-	2,992,500	142,538	3,135,038	2,674,862
TOTAL EXPENDITURE		154,629	2,992,500	142,538	3,289,667	2,835,505
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	5,933	94,922	(123,310)	(22,455)	8,844
		-	(15,348)	15,348	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		5,933	79,574	(107,962)	(22,455)	8,844
Actuarial gains/(losses) on defined benefit pension schemes	20	-	278,000	-	278,000	(295,000)
NET MOVEMENT IN FUNDS		5,933	357,574	(107,962)	255,545	(286,156)
RECONCILIATION OF FUNDS:						
Total funds brought forward		256,986	(577,546)	4,919,615	4,599,055	4,885,211
TOTAL FUNDS CARRIED FORWARD		262,919	(219,972)	4,811,653	4,854,600	4,599,055

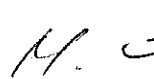
PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08002543

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		4,811,653		4,919,615
CURRENT ASSETS					
Debtors	14	84,972		166,416	
Cash at bank and in hand		562,441		586,666	
		647,413		753,082	
CREDITORS: amounts falling due within one year	15	(120,466)		(385,642)	
NET CURRENT ASSETS			526,947		367,440
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	20		5,338,600		5,287,055
			(484,000)		(688,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			4,854,600		4,599,055
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	264,028		110,454	
Restricted fixed asset funds	16	4,811,653		4,919,615	
Restricted income funds excluding pension liability		5,075,681		5,030,069	
Pension reserve		(484,000)		(688,000)	
Total restricted income funds			4,591,681		4,342,069
Unrestricted income funds	16		262,919		256,986
TOTAL FUNDS			4,854,600		4,599,055

The financial statements on pages 21 to 44 were approved by the Governors, and authorised for issue, on 29 November 2017 and are signed on their behalf, by:


Mrs V Clear
Chair of Governors


Mrs M Smith
Head Teacher

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>9,247</u>	<u>307,643</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,104	3,214
Purchase of tangible fixed assets		<u>(34,576)</u>	<u>(233,948)</u>
Net cash used in investing activities		<u>(33,472)</u>	<u>(230,734)</u>
Change in cash and cash equivalents in the year		(24,225)	76,909
Cash and cash equivalents brought forward		<u>586,666</u>	<u>509,757</u>
Cash and cash equivalents carried forward		<u><u>562,441</u></u>	<u><u>586,666</u></u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Priory Academy, Dunstable constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

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

All expenditure is inclusive of irrecoverable VAT.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold Property	-	Over the remaining useful life of 50 years or 20 years
Leasehold Property- modular classrooms	-	20% per annum straight line
Plant and machinery	-	20% per annum straight line
Motor vehicles	-	20% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Computer equipment	-	20% per annum straight line

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.7 Taxation

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

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

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 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 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.

1.11 Financial instruments

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

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

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.13 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	-	-	-	-	565
School funds income	152,343	-	-	152,343	156,762
Capital Grants	-	-	19,228	19,228	11,207
	152,343	-	19,228	171,571	168,534
<i>Total 2016</i>	<i>156,762</i>	<i>565</i>	<i>11,207</i>	<i>168,534</i>	

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	2,803,851	2,803,851	2,433,310
Other DfE/ESFA Grants	-	164,665	164,665	180,652
	-	2,968,516	2,968,516	2,613,962
Other government grants				
Local authority grants	-	73,574	73,574	29,733
	-	73,574	73,574	29,733
Other funding				
After School Clubs	-	13,710	13,710	12,828
Consultancy	-	2,400	2,400	6,623
Other income	-	759	759	1,945
Income from other Academies	-	2,107	2,107	-
Researchers in School	-	26,356	26,356	-
	-	45,332	45,332	21,396
	-	3,087,422	3,087,422	2,665,091
<i>Total 2016</i>	-	2,665,091	2,665,091	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Facilities and services	7,115	-	7,115	7,510
<i>Total 2016</i>	7,510	-	7,510	

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest received	1,104	-	1,104	3,214
<i>Total 2016</i>	3,214	-	3,214	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income: School Fund	-	-	154,629	154,629	160,643
Activities:					
Direct costs	2,061,519	-	220,166	2,281,685	1,894,142
Support costs	353,759	163,972	321,779	839,510	779,887
	2,415,278	163,972	696,574	3,275,824	2,834,672
<i>Total 2016</i>	2,047,695	163,282	625,941	2,836,918	

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

7. CHARITABLE ACTIVITIES

	2017 £	2016 £
DIRECT COSTS		
Wages and salaries	1,609,327	1,401,138
National insurance	152,737	108,039
Pension cost	258,332	222,867
Educational supplies	202,628	137,777
Staff development	17,538	22,075
Agency staff costs	41,123	2,246
	2,281,685	1,894,142
SUPPORT COSTS		
Wages and salaries	234,922	242,835
National insurance	16,309	12,972
Pension costs	102,528	57,598
Depreciation	142,538	129,516
Net interest cost on pension scheme	14,000	14,000
Maintenance of premises and equipment	84,055	53,278
Toilet refurbishment	-	66,040
Contract cleaning	38,089	-
Rent and rates	10,611	10,284
Heat and light	31,217	33,680
Insurance	55,950	53,037
Printing, postage and stationery	13,651	6,769
Catering	41,698	41,001
Other costs	15,546	21,704
Technology costs	38,396	29,877
	839,510	772,591
	3,121,195	2,666,733

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	142,538	129,516
Auditors' remuneration - audit fees	5,700	5,500
Auditors' remuneration - non audit costs	3,300	1,219
	151,538	136,235

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,844,249	1,643,973
Social security costs	169,046	121,011
Operating costs of defined benefit pension schemes	360,860	280,465
	2,374,155	2,045,449
Supply teacher costs	41,123	2,246
	2,415,278	2,047,695

	2017 No.	2016 No.
Management	9	8
Teaching staff	32	27
Support staff	35	36
	76	71

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Management	9	6
Teachers	31	25
Support staff	21	23
	61	54

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

	2017 No.	2016 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers Pension Scheme.

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £463,923 for 9 members of the senior management team (2016 £447,809 for 8 members of the senior management team).

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

10. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Staff Governors (2016 - 3) in respect of defined benefit pension schemes, for their employment at the school.

There are 3 governors who are also staff members who were paid a total of £167,240 (2016 £157,525) and employer pension contributions totalled £27,220 (2016 £25,959). This remuneration was in respect of their employment as members of the academy staff and not in respect of their services as governors.

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £153 (2016 - £776).

12. OTHER FINANCE INCOME

	2017	2016
	£	£
Interest income on pension scheme assets	19,000	27,000
Interest on pension scheme liabilities	(33,000)	(41,000)
	<u>(14,000)</u>	<u>(14,000)</u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

13. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2016	5,189,922	4,914	5,000	51,510	62,377	5,313,723
Additions	-	-	-	-	34,576	34,576
At 31 August 2017	<u>5,189,922</u>	<u>4,914</u>	<u>5,000</u>	<u>51,510</u>	<u>96,953</u>	<u>5,348,299</u>
Depreciation						
At 1 September 2016	333,051	3,511	4,242	36,028	17,276	394,108
Charge for the year	117,912	984	758	10,296	12,588	142,538
At 31 August 2017	<u>450,963</u>	<u>4,495</u>	<u>5,000</u>	<u>46,324</u>	<u>29,864</u>	<u>536,646</u>
Net book value						
At 31 August 2017	<u>4,738,959</u>	<u>419</u>	<u>-</u>	<u>5,186</u>	<u>67,089</u>	<u>4,811,653</u>
At 31 August 2016	<u>4,856,871</u>	<u>1,403</u>	<u>758</u>	<u>15,482</u>	<u>45,101</u>	<u>4,919,615</u>

14. DEBTORS

	2017 £	2016 £
Trade debtors	2,340	1,575
VAT recoverable	21,615	54,664
Other debtors	143	-
Prepayments and accrued income	60,874	110,177
	<u>84,972</u>	<u>166,416</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	42,757	256,111
Other taxation and social security	46,331	37,021
Other creditors	1,007	1,418
Accruals and deferred income	30,371	91,092
	<u>120,466</u>	<u>385,642</u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

15. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1st September 2014	30,558	-
Resources deferred during the year	6,341	30,558
Amounts released from previous years	(30,558)	(65,441)
Deferred income at 31 August 2017	<u>6,341</u>	<u>(34,883)</u>

Deferred income comprises of income received in advance of school trips totalling £6,341.

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Designated funds						
School fund	18,707	152,343	(154,629)	-	-	16,421
General funds						
General Fund	238,279	8,219	-	-	-	246,498
Total Unrestricted funds	256,986	160,562	(154,629)	-	-	262,919
Restricted funds						
General Annual Grant (GAG)	110,454	2,803,851	(2,639,696)	(15,348)	-	259,261
Other DfE/EFA grants	-	155,465	(155,465)	-	-	-
Local authority grants	-	73,574	(73,574)	-	-	-
Other income	-	16,576	(16,576)	-	-	-
Consultancy	-	2,400	(2,400)	-	-	-
Physical Education Grant	-	9,200	(4,433)	-	-	4,767
Researchers in School	-	26,356	(26,356)	-	-	-
Pension reserve	(688,000)	-	(74,000)	-	278,000	(484,000)
	(577,546)	3,087,422	(2,992,500)	(15,348)	278,000	(219,972)
Restricted fixed asset funds						
Fixed Asset Reserve	4,919,615	-	(142,538)	34,576	-	4,811,653
DfE/EFA Capital Grants	-	19,228	-	(19,228)	-	-
	4,919,615	19,228	(142,538)	15,348	-	4,811,653
Total restricted funds	4,342,069	3,106,650	(3,135,038)	-	278,000	4,591,681
Total of funds	4,599,055	3,267,212	(3,289,667)	-	278,000	4,854,600

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Designated funds						
School fund	22,588	156,762	(160,643)	-	-	18,707
	<u>22,588</u>	<u>156,762</u>	<u>(160,643)</u>	<u>-</u>	<u>-</u>	<u>18,707</u>
General funds						
General Fund	227,555	10,724	-	-	-	238,279
	<u>227,555</u>	<u>10,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,279</u>
Total Unrestricted funds	<u>250,143</u>	<u>167,486</u>	<u>(160,643)</u>	<u>-</u>	<u>-</u>	<u>256,986</u>
Restricted funds						
General Annual Grant (GAG)	180,885	2,433,310	(2,281,000)	(222,741)	-	110,454
Other DfE/EFA grants	-	180,652	(180,652)	-	-	-
Local authority grants	-	29,733	(29,733)	-	-	-
Other income	-	13,940	(13,940)	-	-	-
PSA Donation	-	565	(565)	-	-	-
Consultancy	-	6,623	(6,623)	-	-	-
Pension reserve	(361,000)	-	(32,000)	-	(295,000)	(688,000)
	<u>(180,115)</u>	<u>2,664,823</u>	<u>(2,544,513)</u>	<u>(222,741)</u>	<u>(295,000)</u>	<u>(577,546)</u>
Restricted fixed asset funds						
Fixed Asset Reserve	4,815,183	-	(129,516)	233,948	-	4,919,615
DfE/EFA Capital Grants	-	11,207	-	(11,207)	-	-
	<u>4,815,183</u>	<u>11,207</u>	<u>(129,516)</u>	<u>222,741</u>	<u>-</u>	<u>4,919,615</u>
Total restricted funds	<u>4,635,068</u>	<u>2,676,030</u>	<u>(2,674,029)</u>	<u>-</u>	<u>(295,000)</u>	<u>4,342,069</u>
Total of funds	<u>4,885,211</u>	<u>2,843,516</u>	<u>(2,834,672)</u>	<u>-</u>	<u>(295,000)</u>	<u>4,599,055</u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

16. STATEMENT OF FUNDS (continued)

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

Designated Funds:

The Academy maintains a separate school fund which includes income and expenditure relating to school trips and other fundraising activities.

General Funds:

The Academy's general fund represents income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can then use these funds for any charitable purpose.

Restricted Funds:

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the EFA for the General Annual Grant (GAG) and Pupil Premium. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy.

Pension Reserve - As stated in note 20 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Priory Academy, Dunstable can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.

Restricted Fixed Asset Funds:

Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserve.

The Academy received Capital formula funding which has been utilised in full as part of the development of the academy's capital improvements.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	4,811,653	4,811,653
Current assets	262,919	384,494	-	647,413
Creditors due within one year	-	(120,466)	-	(120,466)
Provisions for liabilities and charges	-	(484,000)	-	(484,000)
	<u>262,919</u>	<u>(219,972)</u>	<u>4,811,653</u>	<u>4,854,600</u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	4,919,615	4,919,615
Current assets	256,986	496,096	-	753,082
Creditors due within one year	-	(385,642)	-	(385,642)
Provisions for liabilities and charges	-	(688,000)	-	(688,000)
	<u>256,986</u>	<u>(577,546)</u>	<u>4,919,615</u>	<u>4,599,055</u>

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

	2017	2016
	£	£
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(22,455)	8,844
Adjustment for:		
Depreciation charges	142,538	129,516
Dividends, interest and rents from investments	(1,104)	(3,214)
Decrease/(increase) in debtors	81,444	(9,970)
(Decrease)/increase in creditors	(265,176)	150,467
Defined benefit pension scheme cost less contributions payable	60,000	18,000
Defined benefit pension scheme finance cost	14,000	14,000
Net cash provided by operating activities	<u>9,247</u>	<u>307,643</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	562,441	586,666
Total	<u>562,441</u>	<u>586,666</u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

20. PENSION COMMITMENTS

The academy'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 Central Bedfordshire 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.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, 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 £224,419 (2016 - £198,732).

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

20. PENSION COMMITMENTS (continued)

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

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

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 2017 was £97,000 (2016 - £79,000), of which employer's contributions totalled £75,527 (2016 - £63,725) and employees' contributions totalled £21,473 (2016 - £15,275). The agreed contribution rates for future years are 22.1% for employers and variable rate 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.4	22.4
Females	24.5	24.3
Retiring in 20 years		
Males	24.0	24.4
Females	26.2	26.8

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate -0.1%	(35,600)	(39,400)
Salary rate +.1%	6,800	13,600
CPI rate +0.1%	28,200	24,600

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	<i>Fair value at 31 August 2016 £</i>
Equities	591,000	690,000
Corporate bonds	155,000	90,000
Property	93,000	90,000
Cash and other liquid assets	197,000	27,000
Total market value of assets	<u>1,036,000</u>	<u>897,000</u>

The actual return on scheme assets was £19,000 (2016 - £27,000).

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

	2017 £	<i>2016 £</i>
Current service cost	(136,000)	(80,000)
Interest income	19,000	27,000
Interest cost	(33,000)	(41,000)
Total	<u>(150,000)</u>	<u>(94,000)</u>

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

	2017 £	<i>2016 £</i>
Opening defined benefit obligation	1,585,000	1,059,000
Current service cost	136,000	80,000
Interest cost	33,000	41,000
Employee contributions	21,000	17,000
Actuarial (gains)/losses	(245,000)	393,000
Benefits paid	(10,000)	(5,000)
Closing defined benefit obligation	<u>1,520,000</u>	<u>1,585,000</u>

PRIORY ACADEMY, DUNSTABLE
(A Company Limited by Guarantee)

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

20. PENSION COMMITMENTS (continued)

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

	2017	2016
	£	£
Opening fair value of scheme assets	897,000	698,000
Interest income	19,000	27,000
Actuarial losses	33,000	98,000
Employer contributions	76,000	62,000
Employee contributions	21,000	17,000
Benefits paid	(10,000)	(5,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>1,036,000</u>	<u>897,000</u>

21. OPERATING LEASE COMMITMENTS

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

	2017	2016
	£	£
Amounts payable:		
Within 1 year	7,818	7,702
Between 1 and 5 years	6,438	12,876
	<hr/>	<hr/>
Total	<u>14,256</u>	<u>20,578</u>

22. 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 10.

23. MEMBERS' LIABILITY

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

