

PRIORSLEE MULTI-ACADEMY TRUST
(Formally Priorslee Primary School Academy Trust)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

PRIORSLEE MULTI-ACADEMY TRUST
(A company limited by guarantee)

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PRIORSLEE MULTI-ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

A Leeper (appointed 1 February 2016)
J Dickinson (appointed 1 February 2016)
J Mehtam (appointed 1 February 2016)
GV Mansell (appointed 1 February 2016)
WD Moore (resigned 1 February 2016)

Directors

JA Bates
SJ Lane
A Leeper (resigned 1 February 2016)
GV Mansell, Chair of Directors (resigned 1 February 2016)
WD Moore
TCV Plim
V Fletcher
A Hambler (resigned 1 February 2016)
T Tearle (resigned 1 February 2016)
J Atkins (resigned 24 November 2015)
J Cooper (resigned 24 November 2015)
S Ball (resigned 24 November 2015)
K Paskin (appointed 1 September 2015)
J Mehtam (appointed 1 September 2015, resigned 1 February 2016)

Company registered number

7481145

Company name

Priorslee Multi-Academy Trust

Principal and registered office

Priorslee Avenue, Priorslee, Telford, TF2 9RS

Chief executive officer

WD Moore

Senior management team

WD Moore, Executive Principal / CEO
TCV Plim, Acting Headteacher

Independent auditors

Whittingham Riddell LLP, Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire, SY2 6LG

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
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Advisers (continued)

Bankers

Lloyds Bank, The Border 113, Telford, TF3 4AE

Barclays Bank, 123 Ashdown Lane, Telford, TF34AD

Virgin Money, 67 Queen Street, Wolverhampton, WV1 3BY

PRIORSLEE MULTI-ACADEMY TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Directors' report, and a Directors' report under company law.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. Constitution

The Multi Academy Trust is a charitable company limited by guarantee and came into effect 1st February 2016 upon the conversion of Buildwas Academy. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. In prior years the company was known as Priorslee Primary School Academy Trust.

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

The Directors of Priorslee Multi-Academy Trust are also the directors of the charitable company for the purpose of company law.

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. Method of recruitment and appointment or election of Directors

The management of the Trust is the responsibility of the Members and Directors who are elected and co opted under the terms of the Trust deed. There are 5 Members including the Chair of Directors. There are 7 Directors including the CEO. The Directors may appoint up to 5 Governors to each Advisory Board, which should also include 2 elected Parent Governors.

d. Policies and procedures adopted for the induction and training of Directors

The Principal and Chair are responsible for all training. There is a comprehensive induction programme for all new Directors, and access to bespoke training delivered by internal and external providers. Where necessary, training will be offered on charity, educational, legal and financial matters. All Directors are provided with copies of the constitution and policy documents. In addition, they are routinely involved in meetings to scrutinise accounts, reports, budgets and plans to enable them to carry out their roles and responsibilities effectively.

e. Pay policy for key management personnel

Performance management and salary review is undertaken on an annual basis by the Salaries and Grading Committee. Independent review of the Principal is undertaken termly. The Chair of the Finance Committee is an appraiser and part of the review.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

f. Organisational structure

All Directors are involved in decision making with the exception of the Finance Committee and Salaries and Gratings Committee. Both groups meet at least termly and hold delegated powers assigned to them by the full Multi Academy Trust Board. The Directors are responsible for setting general policy, plans, budgets and targets, as well as monitoring the performance of the academies against aims and objectives. The day-to-day running of each establishment is delegated to the Leadership Team under the guidance of the Principal.

g. Connected organisations, including related party relationships

During the period, the Trust were not connected to any organisations. All accounts are audited externally by Whittingham Riddell.

h. Directors' indemnities

The Trust's insurers indemnify against any claims in respect of civil liability which arises out of the conduct of the insured in their capacity as Directors of the Trust.

Objectives and Activities

a. Objects and aims

The principal object of the Trust is 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 and managing a broad and balanced curriculum within each educational establishment within the Trust. A variety of policies are clearly listed on the web site and are available for all stakeholders to access. The aims and objectives are contained within the prospectus.

The main aim is to attain and sustain high learning standards in literacy and numeracy for all pupils, as well as providing a quality-first enrichment curriculum. Autonomy and freedoms brought about by academy status has enabled new initiative (new pre-school launched in January 2016), as well as a maximising of opportunity for all pupils to achieve potential (significant IT spend, with new hardware for all classrooms, including tablets and iPads).

b. Objectives, strategies and activities

Termly meetings of the Trust ensure that a discrete agenda is formally presented. These cover a range of curriculum, personnel, financial and health and safety matters which are comprehensively reviewed. Regular meetings with staff and the Leadership Team also take place to ensure that the school objectives are being efficiently disseminated and effectively met.

c. Activities for achieving objectives

Review of practice and monitoring of delivery are part of the norm. All governors participate in a monitoring role and work alongside staff to ensure that high standards are met.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. Public benefit

The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charities Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

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

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act to have due regard to the Charity Commission's general guidance on public benefit.

Achievements and performance

a. Key financial performance indicators

Regular monitoring by key stakeholders ensures that performance is at least good throughout. This is evidenced within performance management, minutes of meetings and external review. Financial and academic targets set by the leadership team and directors are regularly scrutinised and evidenced within development plans. Analysis of school data, Ofsted reporting and financial audit are embedded and routine. Highly effective administrative and financial procedures, a clear segregation of duties and efficient delegation and accountability ensure comprehensive control and management of risk.

b. Review of activities

RAISE Online, externally published data and statistical comparisons with national and 'like' schools ensure embedded and routine analysis of school data. Ofsted reporting and financial audit provide additional measure through comprehensive control and management of risk.

c. Factors relevant to achieve objectives

An annual school improvement plan is formulated with contributions by all subject coordinators, under the direction of the curriculum manager. Subject profiles are incorporated into performance management for all staff.

Financial review

The accounting period ran from the 1st September 2015 to 31st August 2016. The majority of the income was obtained through EFA recurrent grants. Other funds were generated through wrap-around care, pre-school, donations from 'Friends' and grant applications.

a. Going concern

After making appropriate enquiries, the Trust has a reasonable expectation that there are 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. Principal risks and uncertainties

The principal risks regard the protection of pupils, staff and assets, as well as maintaining pupil numbers in order to manage any financial risks. Systems and procedures to minimise these are constantly being reviewed and updated.

An annual Emergency Plan is co-ordinated by the Principal and made accessible to all Directors and the Leadership Team. This provides a clear overview and protocol to follow in case of any incident deemed an emergency. An annual Fire Risk Assessment is carried out by the Local Authority which provides clarity in terms of risk to personnel and buildings. An additional Buildings Conditions Survey is reviewed annually by a nominated Health and Safety Governor and Local Authority. All documents are used as the basis for expenditure and are reflected in the Financial Plan. There is a dedicated Finance Committee which meets bi-monthly. Training for staff and Governors is catalogued and comprehensive. All staff and Governors access Child Protection training every two years. There are four Designated Safeguarding Leads as well as an attached Governor. The SLA for Caretaking and Cleaning are within the remit of Wolverhampton Council, similarly for Catering.

A termly Governor report highlights matters pertinent to the day to day efficiencies and reference attendance, data, extra-curricular activities, as well as pupil numbers and staffing. All staffing is determined by pupil numbers and specific need, with a termly establishment list. Performance management for all staff takes place termly. An annual development plan which is co-ordinated by a member of the Leadership Team, ensures that curriculum delivery is cohesive and transparent.

c. Reserves policy

a (i) Unrestricted Reserves

The School will maintain an adequate level of unrestricted reserves to:

- Provide a working balance to cushion the impact of uneven cash flows
- Provide a contingency to cushion the impact of unexpected events, emergencies and large shortfalls in budget.
- Plan for potential major items of expenditure.

The appropriate level of reserves for this purpose will be determined by the Finance Committee and Directors.

The unrestricted reserve balance will be reviewed and projections on future balances will be made at key points during the financial year.

a (ii) Restricted Reserves

Restricted reserves are not available to the Academy for use in its budget setting process. They are required for specific purposes and are a means of building up funds to meet known or predicted future liabilities. These reserves have no specific limit set on them but they should be reasonable for the purpose held. They must be used for the purpose for which they have been set aside and transferred to unrestricted reserves if it is found they are no longer required. In order to establish that reserves are correctly held, there will be a review of balances at least annually.

The trust has a balance of restricted and unrestricted funds as at 31 August 2016 of £521k (excluding the pension reserve of -£710k).

d. Principal funding

The principal funding for the Academy Trust is derived from the DfE.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

e. Material investments policy

The trust receives interest on any cash bank balances and holds a Charity Deposit Account.

Plans for future periods

a. Future developments

The Trust is in the process of submitting two capital bids to expand the Priorslee Academy site. The plans include the addition of four new classrooms, as well as the replacement of the hall roof. The outcome of the bid will be known in the spring term next year. The Trust will take every opportunity to make improvements to school sites to enhance facilities for all pupils.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

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

This report was approved by order of the board of Directors as the company directors, on 21 December 2016 and signed on its behalf by:

GV Mansell
Chair of Directors

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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
JA Bates	2	4
SJ Lane	2	4
A Leeper	0	0
GV Mansell, Chair of Directors	1	4
WD Moore	4	4
TCV Plim	3	4
V Fletcher	4	4
A Hambler	0	0
T Tearle	1	4
J Atkins	0	0
J Cooper	1	1
S Ball	1	1
K Paskin	4	4
J Mehtam	0	0

Governors meetings changed on the formation of the Trust, becoming Directors meetings with 2 advisory boards.

The Finance and General Purposes Committee is a sub-committee of the main board of Directors. Its purpose is to appropriately deal with the financial matters that arise during the year and agree on the financial strategy of the academy.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
JA Bates	3	4
SJ Lane	4	4
GV Mansell	4	4
WD Moore	4	4
TCV Plim	2	4
K Paskin	4	4

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GOVERNANCE STATEMENT (continued)

Review of Value for money

As Accounting Officer, the Principal 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 Directors 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 by:

- reviewing contracts and service level agreements in attempts to secure value for money
- bi-monthly review of budgets within the Finance Committee
- meeting weekly with the Finance Officer to review expenditure and income
- setting agreed budgets for classrooms and departmental spend
- reviewing streams of income (wrap-around care) and making changes as necessary for maximum impact
- formulating an annual financial plan with the Finance Committee

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 Priorslee Multi-Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Directors 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 Directors 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

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 Directors;
- 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 Directors has considered the need for a specific internal audit function and has decided not to

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GOVERNANCE STATEMENT (continued)

appoint an internal auditor. However, the Directors have appointed Whittingham Riddell LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the auditors report to the board of Directors on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

Review of Effectiveness

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

- the work of the 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 Directors on 21 December 2016 and signed on their behalf, by:

GV Mansell
Chair of Directors

WD Moore
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Priorslee Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

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 2015.

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 EFA.

WD Moore
Accounting Officer

Date: 21/12/2016

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (who act as governors of Priorslee Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors 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 2015 to 2016;
- 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 Directors 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 Directors 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 the EFA/DfE have been applied for the purposes intended.

The Directors 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 Directors on 21 December 2016 and signed on its behalf by:

GV Mansell
Chair of Directors

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRIORSLEE MULTI-ACADEMY TRUST**

We have audited the financial statements of Priorslee Multi-Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities, the Directors (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.

The Directors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRIORSLEE MULTI-ACADEMY TRUST**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Directors' report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG
Date:

Whittingham Riddell LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO PRIORSLEE
MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Priorslee Multi-Academy Trust during the year 1 September 2015 to 31 August 2016 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 Priorslee Multi-Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Priorslee Multi-Academy Trust and the EFA 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 Priorslee Multi-Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Priorslee Multi-Academy Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Priorslee Multi-Academy Trust's funding agreement with the Secretary of State for Education dated January 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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.

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO PRIORSLEE
MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

John Fletcher BA (Hons) FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Date:

PRIORSLEE MULTI-ACADEMY TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Balances transferred on conversion	2	58,572	(111,000)	623,000	570,572	-
Other donations and capital grants	2	1,785	-	-	1,785	2,285
Charitable activities	3	-	1,852,134	-	1,852,134	1,433,198
Other trading activities	4	190,385	-	-	190,385	150,040
Investments	5	2,131	-	-	2,131	4,896
TOTAL INCOME		252,873	1,741,134	623,000	2,617,007	1,590,419
EXPENDITURE ON:						
Charitable activities		106,534	1,676,175	54,424	1,837,133	1,517,145
TOTAL EXPENDITURE	8	106,534	1,676,175	54,424	1,837,133	1,517,145
NET INCOME BEFORE TRANSFERS		146,339	64,959	568,576	779,874	73,274
Transfers between Funds	20	-	(226,231)	226,231	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		146,339	(161,272)	794,807	779,874	73,274
Actuarial losses on defined benefit pension schemes	24	-	(304,000)	-	(304,000)	(14,000)
NET MOVEMENT IN FUNDS		146,339	(465,272)	794,807	475,874	59,274
RECONCILIATION OF FUNDS:						
Total funds brought forward		233,854	(103,947)	3,501,877	3,631,784	3,572,510
TOTAL FUNDS CARRIED FORWARD		380,193	(569,219)	4,296,684	4,107,658	3,631,784

PRIORSLEE MULTI-ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 7481145

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	16		4,296,684		3,501,877
CURRENT ASSETS					
Debtors	17	99,823		59,751	
Cash at bank and in hand		702,247		550,286	
		<u>802,070</u>		<u>610,037</u>	
CREDITORS: amounts falling due within one year	18	(220,697)		(144,569)	
NET CURRENT ASSETS			581,373		465,468
TOTAL ASSETS LESS CURRENT LIABILITIES			4,878,057		3,967,345
CREDITORS: amounts falling due after more than one year	19		(60,399)		(71,561)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			4,817,658		3,895,784
Defined benefit pension scheme liability	24		(710,000)		(264,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			4,107,658		3,631,784
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted funds	20	140,781		160,053	
Restricted Fixed Asset Fund	20	4,296,684		3,501,877	
Restricted funds excluding pension liability		<u>4,437,465</u>		<u>3,661,930</u>	
Pension reserve		<u>(710,000)</u>		<u>(264,000)</u>	
Total restricted funds			3,727,465		3,397,930
Unrestricted funds	20		380,193		233,854
TOTAL FUNDS			4,107,658		3,631,784

The Directors consider that the academy is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the academy to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

PRIORSLEE MULTI-ACADEMY TRUST
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BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Directors, and authorised for issue, on 21 December 2016 and are signed on their behalf, by:

GV Mansell
Chair of Directors

The notes on pages 21 to 42 form part of these financial statements.

PRIORSLEE MULTI-ACADEMY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>389,354</u>	<u>191,903</u>
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		1,508	-
Purchase of tangible fixed assets		<u>(227,739)</u>	<u>(31,283)</u>
Net cash used in investing activities		<u>(226,231)</u>	<u>(31,283)</u>
Cash flows from financing activities:			
Repayments of borrowings		(11,162)	(5,581)
Cash inflows from new borrowing		-	45,000
Net cash (used in)/provided by financing activities		<u>(11,162)</u>	<u>39,419</u>
Change in cash and cash equivalents in the year		<u>151,961</u>	<u>200,039</u>
Cash and cash equivalents brought forward		<u>550,286</u>	<u>350,247</u>
Cash and cash equivalents carried forward	23	<u><u>702,247</u></u>	<u><u>550,286</u></u>

PRIORSLEE MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Priorslee Multi-Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Priorslee Multi-Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Priorslee Multi-Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 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 Directors.

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.

PRIORSLEE MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

Charitable activities and Governance costs are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

PRIORSLEE MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Directors 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 Directors 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

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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	over term of lease (125 years)
Fixtures and fittings	-	15% straight line
Computer equipment	-	25% straight line
Leasehold improvements	-	5% straight line

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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.

1.10 Liabilities and provisions

Liabilities 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 has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised costs using the effective interest method.

1.12 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.

1.13 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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 24, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

PRIORSLEE MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgement

Estimates and judgements 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 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 judgement:

Assumptions used in Pension Valuation

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 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Long term Leasehold Property

Priorslee academy's land and buildings were brought in on conversion based on a valuation of £3542k. Buildwas Academy's Land and buildings were brought in on conversion at a valuation of £623k. Both balances are being written off over the 125 year life of the leases.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Land and Buildings transferred on conversion	-	-	623,000	623,000	-
Pension Deficit transferred on conversion	-	(111,000)	-	(111,000)	-
Surplus transferred from local authority on conversion	58,572	-	-	58,572	-
Subtotal detailed disclosure	58,572	(111,000)	623,000	570,572	-
Donations	1,785	-	-	1,785	2,285
Total donations and capital grants	60,357	(111,000)	623,000	572,357	2,285

In 2015, of the total income from donations and capital grants, £2,285 was to unrestricted funds and £nil was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
GAG	-	1,681,730	1,681,730	1,362,723
Donations	-	75,404	75,404	70,475
Conversion Income	-	95,000	95,000	-
	-	1,852,134	1,852,134	1,433,198

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,433,198 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Clubs, Activities and Trips	188,133	-	188,133	114,532
Commissions on School Merchandise	1,005	-	1,005	842
Water rates recharge	372	-	372	617
School Dinners	-	-	-	28,490
Lettings	875	-	875	1,490
Fundraising	-	-	-	4,069
	<u>190,385</u>	<u>-</u>	<u>190,385</u>	<u>150,040</u>

In 2015, of the total income from other trading activities, £150,040 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank Interest	2,131	-	2,131	4,896
	<u>2,131</u>	<u>-</u>	<u>2,131</u>	<u>4,896</u>

In 2015, of the total investment income, £4,896 was to unrestricted funds and £ NIL was to restricted funds.

6. DIRECT COSTS

	Trust's educational operations £	Total 2016 £	Total 2015 £
Educational Supplies	102,950	102,950	74,686
Staff Development	8,868	8,868	20,194
School Trips	30,629	30,629	30,686
Other Direct Costs	48,097	48,097	28,541
Site Security	105	105	2,273
Wages and salaries	704,931	704,931	592,053
National insurance	69,078	69,078	49,227
Pension cost	133,790	133,790	87,839
Depreciation	7,871	7,871	11,169
	<u>1,106,319</u>	<u>1,106,319</u>	<u>896,668</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. SUPPORT COSTS

	Trust's educational operations £	Total 2016 £	Total 2015 £
Pension income	10,000	10,000	9,000
Recruitment & Support	2,063	2,063	1,438
Maintenance of Property & Equipment	23,019	23,019	23,602
Cleaning	45,569	45,569	39,990
Rent & Rates	29,317	29,317	24,398
Insurance	17,251	17,251	17,417
Site Security	7,464	7,464	6,472
Catering	99,941	99,941	92,322
Other Support Costs	6,593	6,593	-
New Classroom Project	58,633	58,633	39,269
New Build Expenditure	9,788	9,788	-
Governance	2,085	2,085	6,701
Wages and salaries	313,996	313,996	262,546
National insurance	6,570	6,570	6,638
Pension cost	51,972	51,972	47,918
Depreciation	46,553	46,553	42,766
	<u>730,814</u>	<u>730,814</u>	<u>620,477</u>

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
	-	-	-	-	15,903
Activities:					
Direct costs	907,799	-	198,520	1,106,319	880,765
Support costs	372,538	36,781	321,495	730,814	620,477
	<u>1,280,337</u>	<u>36,781</u>	<u>520,015</u>	<u>1,837,133</u>	<u>1,517,145</u>

In 2016, of the total expenditure, £106,534 (2015 - £117,209) was to unrestricted funds and £1,730,599 (2015 - £1,399,936) was to restricted funds.

PRIORSLEE MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	<u>54,424</u>	<u>53,935</u>

10. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an Audit fee of £5,000 (2015 - £4,500).

PRIORSLEE MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. STAFF COSTS

Staff costs were as follows:

	2016	<i>2015</i>
	£	£
Wages and salaries	1,018,927	<i>854,599</i>
Social security costs	75,648	<i>55,865</i>
Operating costs of defined benefit pension schemes	185,762	<i>135,757</i>
	<u>1,280,337</u>	<i><u>1,046,221</u></i>

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

	2016	<i>2015</i>
	No.	<i>No.</i>
Teachers	18	<i>16</i>
Administration and Support	33	<i>29</i>
Management	2	<i>0</i>
	<u>53</u>	<i><u>45</u></i>

Average headcount expressed as a full time equivalent:

	2016	<i>2015</i>
	No.	<i>No.</i>
Teachers	17	<i>16</i>
Administration and Support	22	<i>15</i>
	<u>39</u>	<i><u>31</u></i>

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

	2016	<i>2015</i>
	No.	<i>No.</i>
In the band £90,001 - £100,000	1	<i>1</i>

Emoluments received by key management personnel as listed on page 1 amounted to £179,439 (2015: £169,758).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. CENTRAL SERVICES

No central services were provided by the academy to its academies during the year and no central charges arose.

13. DIRECTORS' REMUNERATION AND EXPENSES

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

		2016	<i>2015</i>
		£	£
WD Moore	Remuneration	90,000-95,000	<i>90,000-95,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
TCV Plim	Remuneration	55,000-60,000	<i>50,000-55,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>

During the year, no Directors received any benefits in kind (2015 - £NIL).

During the year, no Directors received any reimbursement of expenses (2015 - £NIL).

14. DIRECTORS' 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 £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was £17,250 (2015 - £17,344).

15. OTHER FINANCE INCOME

	2016	<i>2015</i>
	£	£
Interest income on pension scheme assets	-	<i>10,000</i>
Interest on pension scheme liabilities	(10,000)	<i>(19,000)</i>
	(10,000)	<i>(9,000)</i>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	3,541,861	97,739	48,020	3,687,620
Additions	186,685	12,251	28,803	227,739
Disposals	-	(1,508)	-	(1,508)
Assets received on conversion of Buildwas	623,000	-	-	623,000
	<u>4,351,546</u>	<u>108,482</u>	<u>76,823</u>	<u>4,536,851</u>
Depreciation				
At 1 September 2015	126,334	17,164	42,245	185,743
Charge for the year	32,487	15,222	6,715	54,424
	<u>158,821</u>	<u>32,386</u>	<u>48,960</u>	<u>240,167</u>
Net book value				
At 31 August 2016	<u>4,192,725</u>	<u>76,096</u>	<u>27,863</u>	<u>4,296,684</u>
<i>At 31 August 2015</i>	<u>3,415,527</u>	<u>80,575</u>	<u>5,775</u>	<u>3,501,877</u>

17. DEBTORS

	2016 £	2015 £
Trade debtors	8,453	675
Other debtors	147	1,684
Prepayments and accrued income	40,995	15,179
Tax recoverable	50,228	42,213
	<u>99,823</u>	<u>59,751</u>

18. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other loans	12,858	12,858
Trade creditors	72,030	30,511
Other taxation and social security	22,861	17,114
Other creditors	21,185	16,424
Accruals and deferred income	91,763	67,662
	<u>220,697</u>	<u>144,569</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	<u>51,360</u>	<u>41,694</u>

19. CREDITORS:
Amounts falling due after more than one year

	2016 £	2015 £
Other loans	<u>60,399</u>	<u>71,561</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Transfer with Local Authority on conversion	-	58,572	-	-	-	58,572
General Funds	233,854	194,301	(106,534)	-	-	321,621
	<u>233,854</u>	<u>252,873</u>	<u>(106,534)</u>	<u>-</u>	<u>-</u>	<u>380,193</u>
Restricted funds						
Educational activities	160,053	2,056,134	(1,585,175)	(226,231)	-	404,781
Pension reserve	(264,000)	(315,000)	(91,000)	-	(304,000)	(974,000)
	<u>(103,947)</u>	<u>1,741,134</u>	<u>(1,676,175)</u>	<u>(226,231)</u>	<u>(304,000)</u>	<u>(569,219)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	3,501,877	623,000	(54,424)	226,231	-	4,296,684
Total restricted funds	<u>3,397,930</u>	<u>2,364,134</u>	<u>(1,730,599)</u>	<u>-</u>	<u>(304,000)</u>	<u>3,727,465</u>
Total of funds	<u><u>3,631,784</u></u>	<u><u>2,617,007</u></u>	<u><u>(1,837,133)</u></u>	<u><u>-</u></u>	<u><u>(304,000)</u></u>	<u><u>4,107,658</u></u>

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

The unrestricted income received during the year relates to the Buildwas Academy conversion and monies received in relation to 'wrap around' care, school meals and early years provision.

Restricted funds represent the monies paid by the Education Funding Agency.

The Restricted Fixed Asset fund includes the value of the Buildwas Academy upon conversion.

Transfers between funds represent the correct analysis of fixed asset movements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	<i>Total 2015 £</i>
Priorslee Primary School	738,760	129,907
Buildwas Primary School	46,214	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	784,974	129,907
Restricted fixed asset fund	4,296,684	3,501,877
Pension reserve	(710,000)	(264,000)
	<hr/>	<hr/>
Total	4,371,658	3,367,784
	<hr/> <hr/>	<hr/> <hr/>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	<i>Total 2015 £</i>
Priorslee Primary School	1,121,792	2,622	277,741	160,680	1,562,835	1,517,145
Buildwas Primary School	131,083	1,000	63,143	24,648	219,874	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,252,875	3,622	340,884	185,328	1,782,709	1,517,145
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	4,296,684	4,296,684	3,501,877
Current assets	527,882	274,188	-	802,070	610,037
Creditors due within one year	(147,689)	(73,008)	-	(220,697)	(144,569)
Creditors due in more than one year	-	(60,399)	-	(60,399)	(71,561)
Provisions for liabilities and charges	-	(710,000)	-	(710,000)	(264,000)
	<u>380,193</u>	<u>(569,219)</u>	<u>4,296,684</u>	<u>4,107,658</u>	<u>3,631,784</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	779,874	73,274
Adjustment for:		
Depreciation charges	54,424	53,935
(Increase)/decrease in debtors	(40,072)	24,201
Increase in creditors	76,128	20,493
Net (loss) on assets and liabilities from local authority on conversion	(512,000)	-
FRS17 adjustments	31,000	20,000
Net cash provided by operating activities	<u>389,354</u>	<u>191,903</u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	702,247	550,286
Total	<u>702,247</u>	<u>550,286</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. 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 Mercer . 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 2013.

Contributions amounting to £13,885 were payable to the schemes at 31 August 2016 (2015 - £16,424) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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 will be as at March 2016, 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 £140,954 (2015 - £83,052).

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**NOTES TO THE FINANCIAL STATEMENTS
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24. 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 2016 was £69,063 (2015 - £47,918), of which employer's contributions totalled £50,047 (2015 - £35,798) and employees' contributions totalled £19,016 (2015 - £13,037). The agreed contribution rates for future years are 16.48% for employers and 7.4-11.7% 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:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.20 %	<i>4.00 %</i>
Rate of increase in salaries	3.40 %	<i>3.80 %</i>
Rate of increase for pensions in payment / inflation	2.00 %	<i>2.30 %</i>
Inflation assumption (CPI)	1.90 %	<i>2.30 %</i>

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

	2016	<i>2015</i>
Retiring today		
Males	23.9	<i>23.9</i>
Females	26.4	<i>26.3</i>
Retiring in 20 years		
Males	26.2	<i>26.1</i>
Females	29.2	<i>29.1</i>

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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	226,000	129,000
Government bonds	-	26,000
Property	22,000	11,000
Other bonds	84,000	34,000
Cash	7,000	6,000
Other	86,000	38,000
	<hr/>	<hr/>
Total market value of assets	425,000	244,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £49,000 (2015 - £7,000).

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

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(79,000)	(53,000)
Net interest cost	(10,000)	(9,000)
Administration expenses	(2,000)	-
	<hr/>	<hr/>
Total	(91,000)	(62,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	508,000	411,000
Current service cost	79,000	53,000
Interest cost	23,000	19,000
Contributions by employees	19,000	13,000
Actuarial losses	-	12,000
Liabilities assumed in a business combination	166,000	-
	<hr/>	<hr/>
Closing defined benefit obligation	795,000	508,000
	<hr/> <hr/>	<hr/> <hr/>

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24. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	244,000	181,000
Return on plan assets (excluding net interest on the net defined pension liability)	-	10,000
Interest income	13,000	-
Actuarial gains and (losses)	(304,000)	(2,000)
Contributions by employer	60,000	42,000
Contributions by employees	19,000	13,000
Assets acquired in a business combination	55,000	-
Administration costs	(2,000)	-
	<u>85,000</u>	<u>244,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	14,211	-
Between 1 and 5 years	27,116	-
	<u>41,327</u>	<u>-</u>

26. MEMBERS' LIABILITY

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

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NOTES TO THE FINANCIAL STATEMENTS
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27. RELATED PARTY TRANSACTIONS

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

During the year architectural services costing £1,035 (2015: £1,637) were obtained from ASG Architecture Limited a company owned by the husband of S Lane, a Governor of the Trust. The transaction was at arms' length and in accordance with financial regulations and procurement procedures

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.