THE
PRIORY
FEDERATION
OF ACADEMIES

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31st August 2020

Company Registration Number 06462935 (England and Wales)

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Reference and Administrative Details

Members		The Priory Fundraising Trust (sponsor)
		H D Gee
		D Harry
Trustees	**a**	H D Gee (Chair)
	b	S Richardson (Vice-Chair)
	a	I Jones
	b	F Knowles
	b	P Houten
	b	R Partington
	b	J Mackinder
Key	**a**	Trustee appointed by Members
	b	Trustee appointed by Sponsor

Chief Executive/Accounting Officer	I Jones
Chief Financial Officer/Company Secretary	D Carchedi
Clerk to the Trustees	M Mammatt
Executive Leadership Team:	
Head, The Priory Academy LSST & Deputy CEO	J Hopkinson
Head, The Priory Witham Academy & Lincoln Secondary Representative	A Madge
Head, The Priory Ruskin Academy & Grantham Secondary Representative	R Wyles
Primary Executive	J Marston
Director of Teaching & Learning	A Chisholm
Director of Welfare	R Reeve
Director of Human Resources	J Wilson

Reference and Administrative Details (continued)

Registered Office	The Priory Federation of Academies 23 Cross O' Cliff Hill Lincoln Lincolnshire LN5 8PW Tel: 01522 889977
Company Registration Number	06462935 (England and Wales)
Independent External Auditor	Duncan & Toplis Limited Statutory Auditors 4 Henley Way Lincoln LN6 3QR
Independent Internal Auditor	Mazars LLP 45 Church Street Birmingham B3 2RT
Solicitors	Langleys Solicitors LLP Olympic House 995 Doddington Rd Lincoln LN6 3SE
Bankers	Lloyds Bank plc 12 – 16 Lower Parliament Street Nottingham NG1 3DA

Trustees' Report

The Trustees present their annual report, together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates twelve academies; five secondary, five primary, one all-through and one special all-through with a combined roll of 7,844 in the school census on 1 October 2020.

Structure, Governance and Management

Constitution

The 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 Trust. The Trustees of The Priory Federation of Academies are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Priory Federation of Academies.

Details of the Trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

The Trust is a member of the Department for Education's Risk Protection Arrangement (RPA). The RPA Administrator will subject to the definitions, extensions, exclusions and conditions of the Rules indemnify the Trust in respect of losses arising as a result of indemnifying an indemnified person in accordance with its legal obligations, for loss arising from claims made against the indemnified person, during a membership year. The RPA Administrator's limit of liability in respect of each academy shall be £10,000,000 each and every loss and shall be the maximum aggregate liability of the RPA Administrator from all losses from an academy whose Academy Trust is a member during any one membership year.

An indemnified person is:

i) Any Governor or any member of the governing body or board of governors of the Trust and/or any representative acting solely on behalf of an indemnified person.
ii) Any Employee of the member whilst acting in a managerial capacity with regard to the overall operation of the educational establishment.
iii) Any Employee who is named as a co-defendant in respect of a claim made against a Governor.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in accordance with the memorandum and articles of association.

The number of Trustees shall be not less than three, and the Trust shall have the following Trustees

i) Up to five Trustees appointed by the Members and
ii) Up to seven Trustees appointed by the Sponsor, The Priory Fundraising Trust.
iii) In addition, Trustees may appoint co-opted Trustees.

A minimum of two Parent Governors sit on each local governing body.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees are provided with access to appropriate Charity Commission guides and the Trust's own governance handbook (the Priory Handbook). In addition, a Trustee training workshop is arranged at least once per year.

Trustees' Report (continued)

Organisational Structure

As at 31st August 2020, The Priory Federation of Academies consisted of five secondary academies (The Priory Academy LSST, The Priory City of Lincoln Academy, The Priory Ruskin Academy, The Priory Belvoir Academy and The Priory Pembroke Academy), one all-through academy (The Priory Witham Academy), five primary academies (Ling Moor Primary Academy, Heighington Millfield Primary Academy, Huntingtower Community Primary Academy, Waddington Redwood Primary Academy and Cherry Willingham Primary Academy) and one all-through special academy (Willoughby Academy).

As specified in the Memorandum of Association, The Priory Federation of Academies is responsible for all academies in the Trust.

The Trustees of The Priory Federation of Academies may delegate to a committee, to any Trustee holding executive office, to the Chief Executive, or to the Heads of Academy, such of their powers or functions as they consider to be desirable to be exercised by them.

Committees of The Priory Federation of Academies are known as Trust committees. Separate local advisory committees known as Local Governing Bodies have been appointed for each of the academies.
A representative from a Local Governing Body is, subject to an assessment of appropriate skill-sets, nominated by Members of the Trust to become a Trustee.
A Trust Governance Development Group, chaired by the Chief Executive Officer (CEO) of the Trust, provides a link between the Trust Board, members of the Senior Leadership Team and the individual academies.
The accounting officer is the CEO of the Trust.

Arrangements for setting pay and remuneration of key management personnel

The Trust policy for Teachers' pay (up to and including Headteachers) follows closely the requirements of the School Teachers' Pay and Conditions Document (STPCD), including the salary scales and reference points for the Main, Upper and Leadership scales. Pay progression is dependent upon a successful annual appraisal.

The job roles of the key non-teaching staff have been externally evaluated by The Hay Group and this data is being used to ensure that pay is appropriate for each senior position. Again, pay progression is dependent on a successful appraisal. Appraisals for the Headteachers and key non-teaching staff are managed by the CEO and moderated with an external consultant. The CEO's appraisal is carried out by the Pay Performance and HR committee, again supported by an external consultant. In addition, annual benchmarking against similar Multi Academy Trusts is carried out in respect of the CEO's pay.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
7	6.8

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1% - 50%	4
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£2,072
Total pay bill	£35.6m
% spent on facility time	0.01%

Paid trade union activities

There was no expenditure on paid trade union activities

Trustees' Report (continued)

Related Parties and other Connected Charities and Organisations
The Priory Fundraising Trust is the sponsor of The Priory Federation of Academies. Its role is to ensure that a suitably qualified Board of Trustees is appointed to The Priory Federation of Academies and that the ethos of the academies is maintained.

The Priory Academy LSST has Teaching School status and runs an alliance of 30 secondary academies throughout Lincolnshire. As such it is involved in leading educational improvement activities and initial teacher training through its Teaching School.

Engagement with employees (including disabled persons)
The Trust communicated regularly, appropriately and proportionately with its employees during the year.
The HR and Finance departments shared frequent updates relating to the Trust's new software system which allows staff "self-service" access to their own pay, holiday and absence records. The Trust-wide newsletter, The Priory Star, was published twice during the course of the year and featured collaborative working, achievements and developments across the organisation. For the duration of the COVID-19 pandemic, the CEO and the HR Director shared frequent All Staff updates, guidance and recommendations, including a set of return-to-school risk assessments on which all employees and their unions were consulted.

With specific regard to disabled Persons, lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Trust. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Engagement with suppliers, customers and others in a business relationship with the trust
The Trust operates a centralised procurement team to ensure not only value for money and transparency in the use of public funds but also to facilitate an efficient and timely payment process. Trust suppliers are paid in a timely and consistent manner with concerted efforts in this area reducing the Trust's average payment period down from 38 days to 33 days during the last two years, as per its published payment practices report.

The Trust also gave due regard to the needs of its suppliers during the ongoing pandemic and continued to distribute its funds to support businesses in line with Procurement Policy Notices 02/20 and 04/20: supplier relief due to coronavirus (COVID-19).

Where the Trust was providing services to others, it ensured that customers were treated fairly and were reimbursed where services were unable to be delivered due to local and national restrictions.

Trustees' Report (continued)

Objectives and Activities

Objects and Aims
The principal object of the Trust, in line with the Articles, is to advance for the public benefit education in the United Kingdom, by establishing and developing academies offering a broad and balanced curriculum.

The Mission statement is:

a) To improve the life chances of our students; and
b) To ensure that all students appreciate the excitement of learning, the rewards of personal challenge and the importance of helping others – and so become true citizens of the world.

Objectives, Strategies and Activities
The objectives are set out in the Trust's Vision, which is reviewed annually, published in full in the Priory Handbook and used to inform the MAT's Development Plan:

1. To develop successful hubs in the Lincoln and Grantham areas.
2. To use the Maximising Performance programme to focus the Trust's strategies on improving the quality of education.
3. To have a clear and transparent governance structure that supports the objects of the Trust.
4. To use the Maximising Effectiveness programme to provide high quality career-stage professional development for all staff.
5. To provide expert central services offering appropriate and professional support through effective and sustainable relationships.
6. To use the Maximising Learning programme to monitor and improve teaching, learning, assessment and the curriculum.
7. To deliver the Maximising Values programme of cultural, community, health, sporting and leadership events across the Trust.
8. To deliver a Priory Baccalaureate Award.
9. To ensure that all pupils, including the most vulnerable: achieve, attend and progress successfully on to the next stage of their lives.
10. To be a first choice destination for families, pupils and staff.

Public Benefit
In setting objectives and planning the Trust's activities, Trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission.

1. To advance for the public benefit education in the city of Lincoln and the surrounding area including Grantham, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum with a strong emphasis on, but in no way limited to, either one or a combination of the specialisms. The specialisms are The Priory Academy LSST – Technology and Science; The Priory Witham Academy – Performing Arts and Business and Enterprise; The Priory City of Lincoln Academy – Sport; and The Priory Ruskin Academy – Sport and Visual Arts.
2. To provide facilities for recreational and other leisure time occupation for the community at large, in the interests of social welfare and with the interest of improving the life of the said community.

Trustees' Report (continued)

Strategic Report

Achievements and Performance
There is a clear strategic direction for the Priory framed within the Mission: To improve life chances; and the Motto: 'By the good deeds you do, you will be remembered in the stars for eternity.'

The Trust's Vision Statement, which is reviewed each year, provides an overarching framework for the direction of the Trust.

This direction is detailed within a Trust Development Plan that is monitored throughout the year by members of the senior team and by Trustees.

Key Performance Indicators
As a result of the disruption across the country caused by the pandemic, the DfE determined that national performance measures are not to be published used this year. Despite not sitting exams, pupils in Y11 and Y13 were overwhelmingly able to progress successfully to the next stage of their educational journey.

School Centred Initial Teacher Training
The Trust's SCITT has developed successful relationships with the University of Lincoln and a number of local teaching schools and Lead Schools.

A total of 84 students graduated in the 2019/20 cohort and 104 students were recruited to the 2020/21 cohort.

Lincolnshire Teaching School Alliance
Lincolnshire Teaching School Alliance continues to work closely with 30 secondary schools across Lincolnshire. It has developed strong working relationships with a network of regional teaching schools and contributes effectively to the school-led system.

Equal Opportunities Policy
The Trustees recognise that equal opportunities are an integral part of good practice within the workplace. The Trust aims to maintain equal opportunity in all areas of its activities, including a working environment in which the contribution and needs of all people are fully valued.

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

Trustees' Report (continued)

Promoting the success of the company

In accordance with section 172(1) of the Companies Act 2006, The Trustees have acted in the way in which they consider, in good faith, most likely to promote the success of the Trust and to achieve its charitable purposes. Prescribed in the Trust's objects and aims, all key decisions during the year were made toward advancing these charitable purposes.

In making key decisions, the long term consequences are assessed and considered by Trustees, including the effect on the long term financial stability of the Trust through maintenance of rolling five year forecasts.

These decisions are taken with due regard for the interests of the Trust's stakeholders. Details of how the Trust engages with these key stakeholders to inform its own decision making process are described further in the sections within this report headed; Engagement with employees (including disabled persons) and Engagement with suppliers, customers and others in a business relationship with the trust.

The Trust is aware of the importance of its operations on the wider community and environment. Further to making available those provisions described in the section on Public Benefit, the Trust made key decisions during the year to support families within the community. These included distributing supermarket vouchers to families normally in receipt of free school meals ahead of the government's national scheme and during the Easter holiday period before supporting funding was announced. All the Trust's academies remained open during the national lockdown for 'priority pupils' – ie the children of key workers and those deemed to be the most vulnerable in society. When staffing issues meant that any Priory primary academy was unable to remain open for a short period, the pupils were accommodated at nearby Priory secondary academies.

The Trust's endeavours to reduce its impact on the environment and reduce its carbon footprint are described further under the section Streamlined Energy and Carbon Reporting, wherein it is demonstrated how the Trust has actively reduced its carbon emissions per pupil by 10% in the year.

In order to maintain high standards of business conduct, the Trust operates a number of policies to ensure this, including Anti-Fraud, Corruption and Bribery, Business Travel and Expenses, Gifts and Hospitality and Whistleblowing. As part of its assurance activities, Trustees commissioned several internal audits during the year, including Expenses & Credit Card Usage which resulted in a verdict on the effectiveness of internal controls as Substantial. Further to this, a review of the Trust's governance self-assessment was deemed Substantial and its governance internal controls Adequate.

Trustees sign a number of documents at the start of each academic year in order to commit to ongoing probity and integrity; included among these are a Code of Conduct, Declaration of Eligibility to Serve and Declaration of Business Interests.

All Members of the Trust are treated fairly and equally, with the same access to information, the ability to directly contact trustees or the Executive.

Trustees' Report (continued)

Financial Review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA), an agent of the Department for Education (DfE), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Total income for the year was £48.1m (excluding the transfer of new academy assets, totalling £8.7m) and expenditure (including depreciation of £3.1m) amounted to £50.3m which resulted in a net outflow of funds of £2.2m.

Total funds at 31 August 2020 are in surplus by £112.1m, made up of a surplus of £109.1m restricted funds and £3.0m unrestricted funds. The restricted funds comprise £120.8m for the restricted fixed asset fund, £6.4m restricted operating funds, £0.5m endowment funds and a pension reserve fund deficit of £18.6m.

Membership of the Local Government Pensions Scheme is offered to all support staff as per the terms of the Funding Agreement. As at 31 August 2020, the government-backed scheme was in overall deficit, with £18.6m attributable to the Trust. This is an increase of £5.3m, comprised of transferred deficits from new academies of £1.6m and £3.7m due to scheme service costs and changes in actuarial assumptions. Predicted changes in employer contribution rates to reduce the deficit are factored in to the Trust's financial plans.

The Trust maintains live financial plans for each academy over a rolling five-year period to ensure that academies are able to maintain a viable long term financial position whilst continuing to raise educational standards.

Reserves Policy

The Trust has established a policy that monitors and sets the level of reserves required over its combined five-year plans to ensure sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. Academies look to maintain a targeted level of reserves to meet these demands proportionately. There is also a centrally held contingency that is managed to support those academies within the Trust with financial challenges and ensure the overall reserves of the Trust are maintained at the desired level.

As at 31 August 2020, these combined reserves comprise restricted operating reserves, restricted endowment funds and unrestricted reserves, totalling £9.9m.

Investment Policy

The Trust holds and monitors its cash balances centrally. Amounts not deemed to be required immediately are invested in zero-risk fixed-term deposits with UK high street banks.

Trustees' Report (continued)

Principal Risks and Uncertainties

Trustees' are of the opinion that during the year, the Trust was operating an effective set of controls to manage risk and implemented mitigation activities where appropriate. The formal process around risk was regularly reviewed by the Audit Committee and the outcomes presented to Trustees.

The risks presented by the COVID-19 pandemic were managed, where possible, through a collaborative risk register and individual centre and academy risk assessments. The 14 separate risk assessments were finalised in consultation with staff and unions. A designated risk assessment audit group met on at least a weekly basis, and more often if required, to consider the impact and implications of the latest government directives, and translate them into the necessary action across the Trust's settings.

The ability to mitigate the financial impact of COVID-19 was limited and academies were unable to fully offset the additional costs incurred against the government's exceptional costs associated with coronavirus fund. Those academies with external provisions and community facilities were forced to make use of the coronavirus job retention scheme where positions were funded fully from external income sources.

Unfunded increases to nationally agreed salary levels and rising pension contributions continue to apply pressure on school budgets.

Fundraising

The Trust does not use any external fundraisers. The Trust's fundraising activities are limited to the letting of premises and facilities for community use when not utilised for the Trust's educational purposes and from voluntary contributions for educational visits. These activities form part of the Trust's charitable objectives as prescribed in its Articles of Association. Community use of premises and facilities was reduced during the year due to COVID-19 and many educational visits were cancelled as a result of travel restrictions.

Trustees' Report (continued)

Streamlined Energy and Carbon Reporting

The Trust has made a commitment to reduce its energy consumption thereby reducing its carbon emissions on all sites. During the last 12 months, the Trust has carried out an ambitious programme to upgrade its non LED lighting. By the end of August, 10 out of its 12 academy sites had been upgraded to complete LED lighting. This included replacing around 10,500 individual light fittings of various shapes, sizes and age. With significant health and safety controls in place, the project took advantage of the partial site closure due to COVID-19 to work toward completion, which has subsequently provided a significant reduction in the Trust's greenhouse emissions.

The project has been supported by 50% grants, totalling £242,909 for four of its sites from SMART Energy Greater Lincolnshire, a recipient of funding from the European Regional Development Fund (ERDF). The ERDF helps local areas stimulate their economic development by investing in projects which support innovation, businesses, create jobs and local community regeneration.

The Trust's emissions reduced because of the partial closure of all 12 of its sites. As the sites gradually reopened, and due to increasing pupil numbers, the energy requirement increased.

Another development this year has been an investment in new boilers which has resulted in reductions in gas consumption at some sites.

This year will see the Trust's net carbon energy density drop from 360 to 324 kgCO2e/pupil.

UK Greenhouse gas emissions and energy use data	kg of CO2e	
	2019/20	2018/19
Scope 1		
Gas Consumption	1,519,938	1,455,481
Own Transport (minibuses and vans)	7,102	10,409
Scope 2		
Purchased Electricity	907,858	1,084,671
Scope 3		
Business Travel (employee owned vehicles)	22,767	23,336
Contracted bus service to LSST Academy	15,358	24,445
Total Gross Emissions	2,473,024	2,598,342
CO2e renewable energy exported to grid	762	730
Total Net Emissions	2,472,262	2,597,612
Overall net carbon intensity (total net emissions kg CO2e/pupil)	324	360

The format of the table follows the guidance as given in the latest 19/20 Academies Accounts Direction on Energy and Carbon reporting and the conversion factors detailed by the Department for Business, Energy and Industrial Strategy.
The Trust uses the market based methodology for calculating its emissions and net carbon intensity so that efforts in generating and purchasing low carbon energy are properly reflected.

Trustees' Report (continued)

Plans for Future periods

The future plans for the Trust are set out in the Trust's Vision Statement as recorded in the Priory Handbook.

Auditor

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2020 and signed on the Board's behalf by:

H Gee
Chair of Trustees

Governance Statement

Scope of Responsibility

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

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

Governance

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

Trustee	Meetings attended	Out of a possible
H D Gee (Chair)	8	8
S Richardson	7	8
I Jones	8	8
F Knowles	7	8
P Houten	8	8
J Mackinder	8	8
R Partington	6	8

The Finance Committee is a sub-committee of the main Board of Trustees. Its main purposes, among those set out in its Terms of Reference, are to monitor the annual budget of the Trust and its performance to budget, to approve certain expenditure and to recommend the Annual Report to the Trust Board.

Attendance at Finance Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
H Gee	6	6
F Knowles	6	6
I Jones	6	6

The Education & Standards Committee is a sub-committee of the main Board of Trustees. Its main purpose, among those set out in its Terms of Reference, is to monitor educational strategy and standards across the academies.

Attendance at Education & Standards Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
F Knowles	5	5
H Gee	5	5
S Richardson	2	5
I Jones	5	5

Governance Statement (continued)

The Pay, Performance & HR Committee is a sub-committee of the main Board of Trustees. Its main purpose, among those set out in its Terms of Reference, is to monitor HR issues and risks; and to carry out the performance management process for Heads and Federation staff Directors.

Attendance at Pay, Performance & HR Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
S Richardson	4	4
H Gee	4	4
I Jones	4	4

The Audit Committee is a sub-committee of the main Board of Trustees. Its main purposes, among those set out in its Terms of Reference, are: to advise the Board on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes; to scope, evaluate, monitor and report on the work of internal and external auditors; and to report to the board as required on the above and other matters within its Terms of Reference.

Attendance at Audit Committee meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
P Houten	3	3
J Mackinder	3	3
H Gannaway (co-opted non-Trustee)	2	2

Governance Reviews

The Trust's internal auditors were commissioned by the Audit Committee to conduct a review of the completeness of the MAT's governance self-review; and of the effectiveness of governance internal controls. The assurance ratings provided by Mazars in August 2020 were "substantial" and "adequate" respectively, with a summary which stated: "Throughout this audit, we noted instances of current good sector practice and a general proactive approach to the management of governance activities and arrangements. There is a clear structure in place at the Trust, which permits adequate oversight over the Federation, which includes the Trust Board and specific sub-committees to permit oversight over all areas".

Governance Statement (continued)

Review of Value for Money

As accounting officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Improving educational outcomes

- The academies, working and collaborating as a Federation, enabled a common approach to be taken to values, standards, the use of resources, utilisation of management expertise and the creation of a broad and rich opportunity for young people to achieve their maximum potential in society.
- Existing staffing structures were under regular review by Heads and curriculum managers to ensure best value and best use of resources.
- The Trust's Teaching School Alliance of 30 partners improves the potential for recruiting and retaining high quality new entrants to the profession and develops collaboration in the county.
- The Trust's SCITT programme demonstrates that it is attempting to address, in part, the skills shortage in the education sector.
- The Trust's Education & Standards Committee met formally five times during 2019-20 and also held regular clinics with the Trust's Headteachers, providing support and challenge in pursuit of higher standards and monitoring the effectiveness of the academies in terms of the key performance indicators that relate to students.

Financial governance and oversight

- The Trust Board delegates financial scrutiny and oversight to the Finance Committee, which met six times during the year. The Board met a total of eight times, with four of those meetings held outside of the agreed schedule in order to conduct urgent business. At each meeting, the Chair of the Finance Committee presented a report to the Board with the CFO in attendance. At the July meeting, the budget and financial forecast were approved and at the December meeting the annual accounts were approved.
- Monthly management accounts were produced by the CFO to include income & expenditure, variation to budget, cash flow and balance sheet reports which were shared with the Chair of Trustees and made available to all Trustees. The Chair met monthly with the CEO and CFO where the financial position was reviewed further.
- The Trust's Finance Committee and Audit Committee met a total of nine times during 2019-20, with committee members presenting scrutiny and challenge to budgeting processes, spending decisions and resource allocations. Financial performance was in line with the expectations of the Board of Trustees, as evidenced by the two unqualified audit reports issued by our external auditors at the end of the financial year.
- The Audit Committee engages national education experts Mazars as the Trust's Internal Auditor. The IA team examined the Trust's Key Financial Controls (Purchasing), IT Disaster Recovery Plan, Expenses and Credit Card Use and Governance arrangements, with assurance given that adequate and effective systems were in place.
- The Trust utilised the DfE's School Resource Management Self-Assessment tool and View My Financial Insights tool to benchmark its academies against similar schools nationally. Appropriate follow up actions were taken for those academies which appear to deviate from the benchmark where a suitable justification does not exist.

Governance Statement (continued)

Purchasing

- Contracts and services were regularly reviewed – particularly at any annual review or full-term renewal – to ensure that the Trust obtained optimum value for money. Price rises in utilities were minimised through early, strategic negotiations and prompt decisions.
- Economies of scale and multi-site discounts were achieved through a collaborative cross-academies approach by the Federation's Estates and Facilities team.
- The Trust continued its framework arrangements for certain levels of procurement so that, where applicable, best value scrutiny was carried out by independent third parties.
- Contract costs have been held, renegotiated or switched to secure maximum quality and efficiency in major areas like catering supplies; cleaning; alarm systems; security; transport; and equipment maintenance and servicing.
- The Trust effectively utilised its condition funding and secured grants to roll out several energy cost saving projects across its academies, including the fitting of LED lighting and replacement of gas boilers.
- Website redevelopment costs were reduced by the ability to negotiate as a MAT.

Reviewing controls and managing risks

- The Trust, informed by internal reports and controls, provided strategic direction for the use of assets and funds, with oversight exercised by the Finance Committee and Audit Committee.
- All Trust Committees had regard for the Trust's Risk Register. The Register is reviewed regularly by management and Trustees.
- Heads met regularly with their respective Finance Partners to review individual academy budgets. The Senior Leadership Team received regular reports from the Chief Financial Officer to help assess current and forecast income and expenditure plans. Sufficient cash is held in reserve to enable the Federation to support any unexpected or urgent financial issues that the academies may experience.

Lessons learned

- The Trust is mindful of additional investments that will be required over coming years and this informed the prudent use of its financial resources.
- The Trust continued to be watchful of the increased cost base of running an academy, through increases in pension contributions, national insurance contributions and pay awards.
- The Trust is assuming that there will be national shortages of teachers in the future. The Trust continued to "grow its own" and, in addition to its SCITT recruitment, was identified as one of the leading MATs in the country for the promotion of middle leaders into senior leadership posts (source: Ambition School Leadership and the Education Policy Institute).
- The Trust is mindful of the need to ensure that Executive Pay falls within the guidance set out in the Financial Handbook. It has, therefore, reviewed all senior salary levels to ensure that, where relevant, they fall within the national pay structures and where appropriate they are benchmarked against similar posts.
- The Trust has developed an Operations Group that works across the Trust to ensure a coordinated, supportive and compliant approach to the COVID-19 pandemic.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has continued in place in the Trust throughout the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance 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 Trust's internal audit function is carried out by Mazars. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the internal auditor reports to the Board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal auditor carried out their schedule of work as planned and no material control issues arose.

Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and the Finance Committee and a plan to ensure continuous improvement of the systems is in place.

Approved by order of the members of the Board of Trustees on 7 December 2020 and signed on its behalf by:

H Gee
Chairman

I Jones
Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer of The Priory Federation of Academies I have considered my responsibility to notify the Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2019.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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

.....

I Jones
Accounting Officer
7 December 2020

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2020 and signed on its behalf by:

H Gee
Chairman

Independent Auditor's Report on the Financial Statements to the Members of The Priory Federation of Academies

Opinion

We have audited the financial statements of The Priory Federation of Academies (the 'Multi-Academy Trust') for the year ended 31 August 2020 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis For Opinion

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

Conclusions Relating To Going Concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report on the Financial Statements to the Members of The Priory Federation of Academies (continued)

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

We have nothing to report in this regard.

Opinion On Other Matters Prescribed By The Companies Act 2006

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

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

Matters On Which We Are Required To Report By Exception

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

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

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

Responsibilities Of Trustees

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

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

Independent Auditor's Report on the Financial Statements to the Members of The Priory Federation of Academies (continued)

Auditors' Responsibilities For The Audit Of The Financial Statements

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

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

Use Of Our Audit Report

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy Godson FCA (Senior statutory auditor)
for and on behalf of
Duncan and Toplis Limited
Chartered Accountants and Statutory Auditors
4 Henley Way
Lincoln
Lincolnshire
LN6 3QR

Date: 7 December 2020

Independent Reporting Accountant's Assurance Report on Regularity to The Priory Federation of Academies and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 10 April 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Priory Federation of Academies during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Priory Federation of Academies and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Priory Federation of Academies and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Priory Federation of Academies and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Priory Federation of Academies' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Priory Federation of Academies' funding agreement with the Secretary of State for Education dated 28 August 2018 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to The Priory Federation of Academies and the Education & Skills 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 period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not confirm to the authorities which govern them.

Duncan Toplis Ltd.

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Timothy Godson FCA (Senior statutory auditor)
for and on behalf of
Duncan and Toplis Limited
Chartered Accountants and Statutory Auditors
4 Henley Way
Lincoln
Lincolnshire
LN6 3QR

Date: 7 December 2020

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Endowment Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Income and endowments from:							
Donations and capital grants	3	61	1,293	-	-	1,354	1,908
Transfer on conversion	3	-	(1,562)	-	8,700	7,138	4,423
Charitable activities:							
Funding for the Trust's educational operations	4	-	46,695	-	-	46,695	41,028
Provision of boarding activities	20	-	324	-	-	324	481
Teaching school	36	-	1,104	-	-	1,104	1,363
Other trading activities	5	165	13	-	-	178	260
Investments	6	53	-	-	-	53	46
Total		279	47,867	-	8,700	56,846	49,509
Expenditure on:							
Raising funds	7	509	12	-	-	521	640
Charitable activities:							
Trust's educational operations	7	190	47,912	-	3,067	51,169	47,284
Provision of boarding activities	20	-	442	-	-	442	461
Teaching school	36	-	1,219	-	-	1,219	1,201
Total		699	49,585	-	3,067	53,351	49,586
Net income/(expenditure)		(420)	(1,718)	-	5,633	3,495	(77)
Transfers between funds	18	695	(1,342)	-	647	-	-
Other recognised gains/(losses)							
Actuarial (losses)/gains on defined benefit pension schemes	37	-	(969)	-	-	(969)	(5,709)
Net movement in funds		275	(4,029)	-	6,280	2,526	(5,786)
Reconciliation of funds							
Total funds brought forward		2,739	(8,141)	500	114,499	109,597	115,383
Total funds carried forward		3,014	(12,170)	500	120,779	112,123	109,597

Balance Sheet
as at 31 August 2020

	Note	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		25		18
Tangible assets	12		120,754		114,254
Current assets					
Investments	13	2,997		2,997	
Stock	14	32		21	
Debtors	15	1,721		1,773	
Cash at bank and in hand	30	8,343		8,499	
		13,093		13,290	
Liabilities					
Creditors - amounts falling due within one year	16	(3,071)		(4,534)	
Net current assets			10,022		8,756
Total assets less current liabilities			130,801		123,028
Creditors: Amounts falling due after more than one year	17		(108)		(114)
Net assets excluding pension liability			130,693		122,914
Defined benefit pension scheme liability	37		(18,570)		(13,317)
Total net assets			112,123		109,597
Funds of the Academy Trust:					
Restricted funds					
Restricted fixed asset funds	18	120,779		114,499	
Restricted general funds	18	6,400		5,176	
Endowment funds	18	500		500	
Pension reserve	18	(18,570)		(13,317)	
Total restricted funds			109,109		106,858
Unrestricted income funds	18		3,014		2,739
Total funds			112,123		109,597

The financial statements on pages 26 to 68 were approved by the Trustees and authorised for issue on 7 December 2020 and signed on their behalf by:

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H Gee
Chair of Trustees

Statement of Cash Flows
for the year ended 31 August 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by (used in) operations	27	664	1,692
Cash flows from investing activities	28	54	50
Cash flows from financing activities	29	(874)	(1,014)
Change in cash and cash equivalents in the reporting period	30	**(156)**	**728**
Cash and cash equivalents at 1 September 2019		8,499	7,771
Cash and cash equivalents at 31 August 2020		**8,343**	**8,499**

Notes to the Financial Statements

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.

Basis of Preparation

The financial statements of the 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

  Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

  Capital grants are recognised when receivable 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 sheet in the restricted fixed asset fund.

  The Trust is not subject to a limited GAG carried forward amount.

- **Sponsorship income**

  Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

  Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

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

- **Interest receivable**

  Interest receivable is included within the Statement of Financial Activities on a receivable basis.

Notes to the Financial Statements (continued)

- **Donated goods, facilities and services**
  Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Transfer on conversion**
  Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

- **Donated fixed assets (excluding Transfers on conversion/into the Trust)**
  Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

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**
  This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**
  These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

Notes to the Financial Statements (continued)

Intangible Fixed Assets
Intangible assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful life, as follows:

- Purchased computer software 30%

Intangible assets are reviewed on an annual basis to review for any signs of impairment.

Tangible Fixed Assets
Tangible fixed assets acquired since the Trust was established are included in the accounts at cost, net of depreciation and any provision for impairment.

Assets costing £2,500 or more are capitalised as tangible fixed assets 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Within the Trust's fixed assets there is a gifted asset (at cost £275,000) from the Priory Fundraising Trust, which comprises land located at St Paul de Vernay, France. The Trust retains all operational use, risk and reward associated, although the legal title remains with the Priory Fundraising Trust.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful life, as follows:

- Freehold buildings 2%
- Long leasehold buildings 2-15%
- Computer hardware 30%
- Motor vehicles 25%
- Fixtures, fittings and equipment 15%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Notes to the Financial Statements (continued)

Liabilities
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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions
Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Long term lease of property
When a long term lease has been entered into by The Priory Federation of Academies following the procurement of a new build through the Partnership for Schools the cost of the new build together with the cost of the original land and any remaining buildings is included in the appropriate fixed asset category and depreciated over its useful economic life in accordance with the Trust's accounting policy regarding tangible fixed assets.

Leased Assets
Rentals under operating leases are charged on a straight line basis over the lease term.

Investments
The Trust's investments are currently in the form of interest-bearing zero-risk deposits in UK high street bank accounts.

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

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

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Financial Statements (continued)

Taxation
The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

As of 1 April 2011 the Trust was registered for VAT under the partial exemption scheme, this therefore means that some resources are included in the accounts inclusive of irrecoverable VAT and some are included excluding VAT.

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 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.

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education & Skills Funding Agency.

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.

Notes to the Financial Statements (continued)

The 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 38, 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 2019. 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.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 34.

Notes to the Financial Statements (continued)

2 General Annual Grant

The Trust does not have a limit on the amount of GAG that can be carried forward from year-to-year, as per the Academies' Financial Handbook 2019.

3 Donations And Capital Grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Interest received on endowment funds	1	-	-	1	4
Donations received	60	-	-	60	34
Capital grants	-	1,293	-	1,293	1,870
Transfers on conversion	-	(1,562)	8,700	7,138	4,423
	61	(269)	8,700	8,492	6,331
2019 total	38	1,743	4,550	6,331	

Notes to the Financial Statements (continued)

4 Funding for the Trust's educational operations

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
DfE / ESFA grants					
General Annual Grant (GAG)	-	36,145	-	36,145	33,213
Start-up grants	-	23	-	23	23
Pupil Premium	-	1,858	-	1,858	1,687
Rates Relief	-	267	-	267	259
16-19 Bursary	-	35	-	35	3
Other grants	-	2,455	-	2,455	852
	-	40,783	-	40,783	36,037
Other Government grants					
Special educational needs	-	2,054	-	2,054	1,005
Other grants	-	1,661	-	1,661	1,216
Coronavirus Job Retention Scheme grant	-	75	-	75	-
Coronavirus exceptional support	-	52	-	52	-
	-	3,842	-	3,842	2,221
Other educational bodies					
Other educational income	-	416	-	416	143
	-	416	-	416	143
Other income					
Other grant income	-	-	-	-	-
Minibus income	-	-	-	-	-
Nursery income	-	5	-	5	10
Staff on secondment	-	61	-	61	70
Trip income	-	409	-	409	746
Catering income	-	656	-	656	996
Sundry income	-	523	-	523	805
	-	1,654	-	1,654	2,627
Funding for the Trust's educational operations	-	46,695	-	46,695	41,028
2019 total	-	41,028	-	41,028	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Other Government grants".

- The funding received for coronavirus exceptional support covers £52,033 of utility and free school meal voucher costs. These costs are included in notes 7 and 8 below as appropriate.

- The Trust furloughed some of its staff associated with its boarding house, out-of-school clubs and sports facilities under the government's CJRS. The funding received of £74,535 relates to staff costs in respect of 43 staff which are included within note 9 below as appropriate.

Notes to the Financial Statements (continued)

5 Other trading activities

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Lettings and hire of facilities	165	-	-	165	243
Music tuition	-	13	-	13	17
	165	13	-	178	260
2019 Total	243	17	-	260	

6 Investment Income

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Interest from short-term deposits	48	-	-	48	31
Interest from cash in bank	5	-	-	5	15
	53	-	-	53	46
2019 Total	46	-	-	46	

7 Expenditure

	Staff Costs £000	Premises £000	Other £000	Total 2020 £000	Total 2019 £000
Expenditure on raising funds:	271	238	12	521	640
Educational operations:					
Direct costs	34,050	-	-	34,050	28,821
Depreciation	-	-	3,057	3,057	4,507
Amortisation of Intangible assets	-	-	10	10	7
Books, materials and supplies	-	-	946	946	942
Other	-	-	1,151	1,151	1,452
Allocated support costs	4,937	-	-	4,937	4,607
Cleaning	-	925	-	925	883
Light and Heat	-	559	-	559	750
Rent, rates and water	-	381	-	381	374
Insurances	-	176	-	176	177
Other	-	2,994	1,983	4,977	4,764
Boarding activities:					
Direct costs	-	-	54	54	74
Allocated support costs	300	56	32	388	387
Teaching school	611	29	579	1,219	1,201
	40,169	5,358	7,824	53,351	49,586

Notes to the Financial Statements (continued)

7 Expenditure (continued)

Net income/(expenditure) for the period includes:		2020 £000	2019 £000
Operating leases		193	164
Amortisation of intangible assets		10	8
Depreciation of tangible fixed assets		3,057	4,507
Auditors' remuneration	- payable to external auditors - statutory audit	31	33
	- payable to external auditors - other services	5	2
	- payable to internal auditors - internal audit	9	10
Profit/(loss) on disposal of fixed assets		-	5

Included within expenditure are the following transactions:

	2020 £	2019 £
Gifts made by the Trust	3,514	4,645
Fixed asset losses	-	-
Unrecoverable debts	3,420	5,350

8 Charitable Activities

	Total 2020 £000	Total 2019 £000
Direct costs - educational operations	39,214	35,729
Direct costs - boarding	54	74
Support costs - educational operations	11,955	10,802
Support costs - boarding	388	387
	51,611	46,992

Analysis of support costs	Boarding £000	Educational operations £000	Total 2020 £000	Total 2019 £000
Support staff costs	300	4,937	5,237	4,868
Premises costs	56	5,035	5,091	4,720
Other support costs	32	1,587	1,619	1,042
Governance costs	-	396	396	559
Total support costs	388	11,955	12,343	11,189

Notes to the Financial Statements (continued)

9 Staff

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

Headcount	2020 No.	2019 No.
Teachers	843	675
Administration and support	329	291
Management	73	61
Total	1,245	1,027

Full Time Equivalents	2020 No.	2019 No.
Teachers	597	536
Administration and support	183	192
Management	70	59
Total	850	787

Staff costs

Staff costs during the period were:

	2020 £000	2019 £000
Wages and salaries	28,615	26,023
Social security costs	2,733	2,502
Pension costs	8,476	5,708
Other staff related costs	71	71
	39,895	34,304
Agency staff costs	179	224
Staff restructuring costs	95	162
	40,169	34,690

Staff restructuring costs comprise:		
Redundancy payments	40	11
Severance payments	55	151
Other restructuring costs	-	-
	95	162

Notes to the Financial Statements (continued)

9 Staff (continued)

Staff severance payments

Included within staff restructuring costs are non-statutory / non-contractual severance payments totalling £55,162 (2019: £151,143). Individually, the payments were £3,500, £3,000, £14,000, £300, £30,000 and £4,362.
The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook, being delegated authority or approval from the Education & Skills Funding Agency.

Higher paid staff

The number of employees whose emoluments exceeded £60,000 (including taxable benefits but excluding employer pension contributions) in the year was 34 (2019: 26). The total emoluments of these employees were in the following ranges:

	2020 No.	2019 No.
£60,001 - £70,000	19	13
£70,001 - £80,000	8	8
£80,001 - £90,000	2	1
£90,001 - £100,000	4	3
£140,001 - £150,000	1	1
	34	26

Of the above, 33 employees (2019: 24) participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, employer's pension contributions for these staff amounted to £553,611 (2019: £270,323).

Of the above employees, 1 employee (2019: 2) participated in the Local Government Pension Scheme. During the year ended 31 August 2020, employer's pension contributions for this member of staff amounted to £15,053 (2019: £24,215).

Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £1,128,102 (2019: £1,067,304).

Notes to the Financial Statements (continued)

10 Related Party Transactions – Trustee remuneration and expenses

The Chief Executive and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of the Chief Executive and teaching staff and not in respect of their services as Trustees.

The remuneration including other taxable benefits paid to the Chief Executive and staff trustees during the period comprised:

	2020 £000	2019 £000
Mr I Jones – CEO and Trustee		
Remuneration	145-150	145-150
Employer pension contributions	35-40	20-25

Other Trustees did not receive any payments, other than reimbursement of out of pocket expenses, from the Academy Trust in respect of their role as Trustees.

Total pensions paid on behalf of the highest remunerated trustee amounted to £35,520 (2019: £24,720).

During the year ended 31 August 2020, the following payments were made to Trustees:

	2020 £	2019 £
Trustees' expenses		
Travel & subsistence within the UK	1,079	728
Other expenses (claimed by reason of employment)	-	-
Total	1,079	728
Number of Trustees claiming expenses	2	2

Notes to the Financial Statements (continued)

11 Intangible Fixed Assets

	Computer Software £000	Development Costs £000	Total £000
Cost or valuation			
At 1 September 2019	53	-	53
Additions	-	-	-
Transfers	17	-	17
At 31 August 2020	70	-	70
Accumulated amortisation and impairment provisions			
At 1 September 2019	35	-	35
Charged in period	10	-	10
At 31 August 2020	45	-	45
Net book values			
At 31 August 2019	18	-	18
At 31 August 2020	25	-	25

12 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets under Construction £000	Motor Vehicles £000
Cost or valuation				
At 1 September 2019	22,336	98,512	768	101
Additions	3	154	648	-
Transfers	-	751	(768)	-
Disposals	-	-	-	-
Transfer of existing academy	-	-	-	-
Transfer on conversion	-	8,700	-	-
At 31 August 2020	22,339	108,117	648	101
Accumulated depreciation and impairment provisions				
At 1 September 2019	2,637	11,352	-	62
Charged in period	319	1,647	-	10
Disposals	-	-	-	-
At 31 August 2020	2,956	12,999	-	72
Net book values				
At 31 August 2019	19,699	87,160	768	39
At 31 August 2020	19,383	95,118	648	29

Notes to the Financial Statements (continued)

12 Tangible Fixed Assets (continued)

	Computer Hardware £000	Furniture and Equipment £000	Total £000
Cost or valuation			
At 1 September 2019	5,228	18,530	145,475
Additions	7	62	874
Transfers	-	-	(17)
Disposals	-	-	-
Transfer of existing academy	-	-	-
Transfer on conversion	-	-	8,700
At 31 August 2020	5,235	18,592	155,032
Accumulated depreciation and impairment provisions			
At 1 September 2019	4,684	12,486	31,221
Charged in period	167	914	3,057
Disposals	-	-	-
At 31 August 2020	4,851	13,400	34,278
Net book values			
At 31 August 2019	544	6,044	114,254
At 31 August 2020	384	5,192	120,754

The Trust's transactions in the period relating to Land and Buildings included:

- the taking up of leasehold at Cherry Willingham Primary Academy for £nil rental at a total value of £4,700,000 over 125 years.
- the taking up of leasehold at Willoughby Academy for £nil rental at a total value of £4,000,000 over 125 years.

Notes to the Financial Statements (continued)

13 Current Asset Investments

	2020 £000	2019 £000
Value at 1 September	2,997	2,997
Additions	2,997	2,997
Disposals	(2,997)	(2,997)
Value at 31 August	2,997	2,997

The Trust held investments of £2,997,000 relating to sterling deposits (exceeding 3 months maturity from the balance sheet date).

14 Stock

	2020 £000	2019 £000
Catering supplies	21	16
General books and stationery	11	5
	32	21

15 Debtors

	2020 £000	2019 £000
Trade debtors	74	388
Prepayments and accrued income	1,486	1,014
Other taxes - VAT	145	254
Other debtors - due under 1 year	16	117
	1,721	1,773

Notes to the Financial Statements (continued)

16 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	720	674
Accruals and deferred income	867	2,390
Other loans	6	14
Other creditors	844	864
Other taxation and social security	634	592
	3,071	4,534

Deferred income	2020 £000	2019 £000
Deferred income at 1 September	1,468	1,455
Resources deferred in the year	474	1,388
Amount released from previous year	(1,458)	(1,375)
Deferred income at 31 August	484	1,468

Deferred income at 31 August comprises:	2020 £000	2019 £000
Boarding fees paid in advance for dates outside reporting period	-	190
ESFA grants re bursary and other grants applicable to future periods	165	331
Local Authority and other educational grants applicable to future periods	51	178
Teaching School Alliance – membership dates outside reporting period	10	139
Income for trips rec'd in advance where visit date falls within future periods	167	474
Charitable funds raised to be donated	4	20
Portion of SGO Grant that falls outside the reporting period	42	42
CCF and DoE income that falls outside of reporting period	7	11
Other	38	83
	484	1,468

17 Creditors: amounts falling due greater than one year

	2020 £000	2019 £000
Loans	108	114
	108	114

Loans comprise:
- £100,000 from the ESFA, which represent the deficit inherited from predecessor Trusts for schools joining the Trust. The amounts and timings of any repayments for these loans are not agreed.
- £8,227 for solar panels at The Priory Pembroke Academy, transferred on conversion.

Notes to the Financial Statements (continued)

18 Funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	3,250	36,135	(33,977)	(182)	5,226
Start Up grants	-	23	(23)	-	-
Other DfE/ ESFA grants	184	4,925	(4,902)	(116)	91
School Condition Allocation	767	1,110	(722)	(142)	1,013
Local Government grants	93	3,715	(3,752)	(16)	40
Other educational bodies	19	491	(486)	-	24
Teaching Alliance	306	1,104	(952)	(347)	111
Sports Partnership	55	-	(55)	-	-
Provision for Boarding	774	324	(408)	(469)	221
Other income	(272)	1,667	(1,651)	(70)	(326)
Pension reserve	(13,317)	(1,627)	(2,657)	(969)	(18,570)
	(8,141)	47,867	(49,585)	(2,311)	(12,170)
Restricted fixed asset funds					
DfE/ESFA capital grants	7,724	-	(644)	222	7,302
Faraday Centre funding	353	-	8	-	361
Other educational bodies	370	-	(32)	84	422
School carry forwards	29,239	8,700	(666)	-	37,273
Priory Fundraising Trust	556	-	-	-	556
Sports England	91	-	37	-	128
Partnership for Schools	74,137	-	(1,667)	568	73,038
Football Foundation	170	-	28	-	198
3G Pitch Replacement funds	227	-	-	(227)	-
Sale of property proceeds	1,632	-	(131)	-	1,501
	114,499	8,700	(3,067)	647	120,779
Restricted endowment funds					
Sponsorship	500	-	-	-	500
Total restricted funds	106,858	56,567	(52,652)	(1,664)	500
Unrestricted general funds					
General funds	2,739	279	(699)	695	3,014
Total unrestricted funds	2,739	279	(699)	695	3,014
Total funds	109,597	56,846	(53,351)	(969)	112,123

Notes to the Financial Statements (continued)

18 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	3,156	33,247	(33,035)	(118)	3,250
Start Up grants	442	23	(23)	(442)	-
Other DfE/ ESFA grants	135	3,397	(3,100)	(248)	184
School Condition Allocation	-	1,346	(579)	-	767
Local Government grants	87	2,221	(2,215)	-	93
Other educational bodies	20	144	(145)	-	19
Teaching Alliance	185	1,363	(1,242)	-	306
Sports Partnership	55	-	-	-	55
Provision for Boarding	761	481	(465)	(3)	774
Other income	252	2,372	(2,247)	(204)	173
Apprenticeships	(311)	105	(239)	-	(445)
Pension reserve	(5,719)	(232)	(1,657)	(5,709)	(13,317)
	(937)	44,467	(44,947)	(6,724)	(8,141)
Restricted fixed asset funds					
DfE/ESFA capital grants	7,083	-	(200)	841	7,724
Faraday Centre funding	390	-	(37)	-	353
Other educational bodies	235	-	(7)	142	370
School carry forwards	25,129	4,550	(440)	-	29,239
Priory Fundraising Trust	562	-	(6)	-	556
Sports England	101	-	(10)	-	91
Partnership for Schools	77,910	-	(3,773)	-	74,137
Football Foundation	181	-	(11)	-	170
3G Pitch Replacement funds	173	-	-	54	227
Sale of property proceeds	1,630	-	(30)	32	1,632
	113,394	4,550	(4,514)	1,069	114,499
Restricted endowment funds					
Sponsorship	500	-	-	-	500
Total restricted funds	112,957	49,017	(49,461)	(5,655)	106,858
Unrestricted general funds					
General funds	2,426	494	(127)	(54)	2,739
Total unrestricted funds	2,426	494	(127)	(54)	2,739
Total funds	115,383	49,511	(49,588)	(5,709)	109,597

Notes to the Financial Statements (continued)

18 Funds (continued)

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

Restricted General Funds

General Annual Grant (GAG)
This will be expended on the provision of education and teaching activities.

Start Up grants
These funds are designated for the purchase of a basic stock of teaching and learning materials including books, software, stationery, science equipment, PE equipment and other consumables. A further element of this is set aside to fund any transitional costs and for the enhancement of education.

Other DFE / ESFA grants
These are a variety of designated funds for the provision of education and teaching activities and will be expensed in accordance with their individual terms.

School Condition Allocation
These funds are designated for keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues.

Local Government grants
These funds are designated for the provision of various educational activities in accordance with the terms of the relevant Local Authority grant. This will largely relate to funding for Special Educational Needs.

Other educational bodies
These funds are designated for the provision of various designated education and teaching activities in accordance with the terms of the relevant educational body. This will include funding for Graduate Teachers and other educational income.

Teaching Alliance
These funds are designated for the activities of the Teaching Alliance.

Sports Partnership
These funds are designated for the activities of the Sports Partnership.

Provision for Boarding
These funds will be expended on the cost of providing boarding facilities for students.

Other income
This will be expended on the provision of education and teaching activities, including the cost of educational trips for students.

Apprenticeships
These funds are generated from draw down of the Apprenticeship Levy and expended on delivery of apprenticeships.

Pension reserve
In accordance with the latest ESFA Accounts Direction this reserve is required in respect of the Local Government Pension Scheme calculated in accordance with FRS102.

Transfers
The excess cost incurred in the provision of the relevant education and teaching activity over the relevant grant received is funded by a transfer from GAG.

Notes to the Financial Statements (continued)

18 Funds (continued)

Restricted Fixed Assets Funds

DfE / ESFA capital grants
These funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

Faraday Centre funding
These funds are carried forward to cover the future depreciation charges that will be required on the Faraday Project acquired from Lincolnshire County Council grants in earlier years.

Other educational bodies
These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from Other Educational Bodies grants in earlier years.

School carry forwards
These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from the previous Schools Carry Forwards in earlier years.

Priory Fundraising Trust
These funds are carried forward to cover the future depreciation charges that will be required on the previously gifted assets from the Priory Fundraising Trust.

Sports England
These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from Sports England in earlier years.

Partnership for Schools
These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from the various new builds procured by the Lincolnshire County Council in the current and earlier years.

Football Foundation
These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from Football Foundation in earlier years.

3G Pitch Replacement funds
These funds are held for future capital expenditure in replacement of the 3G pitch at The Priory Pembroke Academy.

Sale of property proceeds
These funds are carried forward to cover the future depreciation charges that will be required on the fixed assets acquired from sale of property proceeds in earlier years.

Transfers
The cost of fixed assets capitalised in the year less the depreciation charge on fixed assets is funded by a transfer from GAG.

Notes to the Financial Statements (continued)

18 Funds (continued)

Restricted Endowment Funds

Sponsorship
This is a permanent reserve that is held as sponsorship for the Trust. The income generated by the Endowment reserve is allocated to the General Restricted reserve which is used for the provision of education.

Transfers
There should be no outgoing transfers from the Endowment Reserve. The investment income earned on the Endowment Funds can be used by the Trust as unrestricted funds.

Unrestricted general funds

General funds
These funds have been generated through other trading activities and may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Analysis of academies by cost

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (Excluding Dep'n) £000	Total 2020 £000	Total 2019 £000
The Priory Academy LSST	6,850	570	253	1,485	9,158	11,117
The Priory Lincoln Academy	4,057	486	279	959	5,781	6,779
The Priory Witham Academy	5,051	511	129	897	6,588	7,661
The Priory Ruskin Academy	5,943	526	245	1,197	7,911	9,526
The Priory Belvoir Academy	2,364	268	195	525	3,352	3,871
The Priory Pembroke	1,710	278	52	613	2,653	2,619
Ling Moor Primary Academy	1,296	96	81	201	1,674	1,886
Heighington Millfield	1,010	106	57	170	1,343	1,646
Huntingtower Academy	1,682	116	47	246	2,091	2,352
Waddington Redwood	917	83	50	173	1,223	1,378
Cherry Willingham	802	112	31	137	1,082	-
Willoughby Academy	1,647	159	36	165	2,007	-
Other	1,446	2,083	83	2,778	6,390	1,948
Total	34,775	5,394	1,538	9,546	51,253	50,783

Notes to the Financial Statements (continued)

18 Funds (continued)

Analysis of academies by fund balance:

	2020 £000	2019 £000
The Priory Academy LSST	2,163	2,287
The Priory City of Lincoln Academy	(1,246)	(1,013)
The Priory Witham Academy	1,635	1,603
The Priory Ruskin Academy	1,196	426
The Priory Belvoir Academy	(457)	(487)
The Priory Pembroke Academy	304	157
Ling Moor Primary Academy	180	79
Heighington Millfield Primary Academy	(89)	(143)
Huntingtower Community Primary Academy	185	146
Waddington Redwood Primary Academy	128	103
Cherry Willingham Primary Academy	3	-
Willoughby Academy	98	-
Teaching School	142	19
Contingency	4,438	4,356
School Condition Allocation	1,013	767
Boarding	221	342
Total before fixed assets and pension reserve	9,914	8,642
Restricted fixed asset fund	120,779	114,272
Pension reserve	(18,570)	(13,317)
Total	112,123	109,597

Deficits:

The Priory City of Lincoln Academy: The academy achieved its budget targets for the year and was projected to return to an in-year balanced budget during 20/21. The academy's deficit is supported from the central contingency.

The Priory Belvoir Academy: The cumulative deficit has been inherited from a predecessor Trust on transfer.

Heighington Millfield Primary Academy: The cumulative deficit has been inherited from a predecessor Trust on transfer.

Notes to the Financial Statements (continued)

19 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £000	Restricted General Funds Public £000	Restricted Endowment Funds Private £000	Restricted Fixed Asset Funds £000	Total £000
Intangible fixed assets	-	-	-	24	24
Tangible fixed assets	-	-	-	120,755	120,755
Current assets	3,014	9,579	500	-	13,093
Current liabilities	-	(3,179)	-	-	(3,179)
Pension scheme liability	-	(18,570)	-	-	(18,570)
Total net assets	3,014	(12,170)	500	120,779	112,123

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds £000	Restricted General Funds Public £000	Restricted Endowment Funds Private £000	Restricted Fixed Asset Funds £000	Total £000
Intangible fixed assets	-	-	-	18	18
Tangible fixed assets	-	-	-	114,254	114,254
Current assets	2,739	9,824	500	227	13,290
Current liabilities	-	(4,648)	-	-	(4,648)
Pension scheme liability	-	(13,317)	-	-	(13,317)
Total net assets	2,739	(8,141)	500	114,499	109,597

Notes to the Financial Statements (continued)

20 Academy boarding trading account

	2020 £000	2019 £000
Income		
Fee income	287	481
Other grants	34	-
	321	481
Expenditure		
Direct costs		
Catering costs	54	74
Total direct costs	54	74
Indirect costs		
Teaching staff costs	95	76
Support staff costs	205	186
Education costs	8	5
Occupancy costs	46	60
Buildings maintenance and loose equipment	9	21
Auditors' remuneration	-	-
Other indirect costs	25	37
Total indirect costs	388	385
Total operating costs	442	459
Surplus/(Deficit) on Boarding	(121)	22
Surplus/(Deficit) brought forward at 1 September	342	320
Surplus/(Deficit) carried forward at 31 August	221	342

Notes to the Financial Statements (continued)

21 Central Services

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

Strategic Trust Improvement	• Standards support including intervention • Alternative curriculum co-ordination • Student welfare support
Financial Services	• Strategic financial support • Statutory accounts preparation • Budget and forecast preparation • Monthly management reporting • Invoicing • Payroll and expenses processing • Internal and external audit
Human Resources Services	• Co-ordination of recruitment • Heads' performance appraisals • Disciplinary and grievance support • Legal support
Information Technology Services	• Provision and purchase of hardware, software and network services • Support of the above • IT strategy • Data management
Contract & Procurement Services	• Contract negotiation for shared services • Project management for capital projects • Facilities and estates co-ordination • Insurances • Health and safety • Compliance
Communication and Marketing Services	• Press releases and media co-ordination • Freedom of information requests handling
Others as arising	

The Trust's policy for apportioning the cost of the central services is based on a cost allocation method using appropriate drivers that represent the demand for the central services at each academy.

Notes to the Financial Statements (continued)

21 Central Services (continued)

The actual amounts contributed during the year were as follows:

	2020 £000	2019 £000
The Priory Academy LSST	751	778
The Priory Witham Academy	510	530
The Priory City of Lincoln Academy	433	444
The Priory Ruskin Academy	595	611
The Priory Belvoir Academy	252	242
The Priory Pembroke Academy	171	151
Ling Moor Primary Academy	68	63
Heighington Millfield Primary Academy	50	51
Huntingtower Community Primary Academy	76	77
Waddington Redwood Primary Academy	46	46
Cherry Willingham Primary Academy	43	-
Willoughby Academy	49	-
Boarding	37	41
Apprenticeships	8	16
Teaching School	61	62
	3,150	3,112

22 Related Party Transactions

Interests in transactions

Declarations of business interests have been received from all Trustees, members of school committees, members of all Senior Management Teams and finance staff.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

23 Trustees' and officers' insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

Notes to the Financial Statements (continued)

24 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

a) the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust: and

b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

25 Capital Commitments

	2020 £000	2019 £000
Contracted for, but not provided in the financial statements	123	153
Authorised by Trustees, but not yet contracted	-	-

The above capital commitments will be met by the carry forward reserves present as at the 31 August 2020.

26 Commitments under operating leases

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

Amounts due:	2020 £000	2019 £000
Land and buildings		
Within one year	11	10
Within two to five years	46	40
After five years	57	59
	114	109
Other		
Within one year	107	155
Within two to five years	160	194
After five years	-	-
	267	349
	381	458

Notes to the Financial Statements (continued)

27 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020 £000	2019 £000
Net income/(expenditure) for the reporting period	3,495	(77)
Depreciation of tangible and intangible fixed assets	3,067	4,514
Capital grants from DfE and other capital income	(8,700)	(4,550)
Interest receivable	(54)	(50)
Defined benefit pension scheme cost less contributions payable	2,351	1,473
Defined benefit pension scheme finance cost	306	183
Defined benefit pension scheme obligation inherited	1,627	232
Decrease/(increase) in stock	(11)	-
Decrease/(increase) in debtors	52	2
Increase/(decrease) in creditors	(1,469)	(35)
Net cash inflow/(outflow) from operating activities	664	1,692

28 Cash flows from investing activities

	2020 £000	2019 £000
Interest received from investments	54	50
Cash transferred to investments	(2,997)	(2,997)
Cash transferred from investments	2,997	2,997
Net cash inflow/(outflow) from investing activities	54	50

29 Cash flows from financing activities

	2020 £000	2019 £000
Purchase of tangible fixed assets	(874)	(1,016)
Disposal of tangible fixed assets	-	2
Net cash provided by (used in) financing activities	(874)	(1,014)

Notes to the Financial Statements (continued)

30 Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand and at bank	5,305	5,470
Notice deposits (less than 3 months)	3,038	3,029
Total cash and cash equivalents	8,343	8,499

31 Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	5,470	(165)	5,305
Cash equivalents	3,029	9	3,038
	8,499	(156)	8,343
Loans falling due within one year	(14)	8	(6)
Loans falling due after more than one year	(114)	6	(108)
Total	8,371	(142)	8,229

32 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.

33 Post balance sheet events

From the 1 September 2020 the Robert de Cheney Boarding House permanently ceased operations as a result of the combined effects of BREXIT and the COVID-19 pandemic.

34 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the trust received £75,342 (2019: £69,884) and disbursed £86,252 (2019: £34,325) from the fund. The trust redeemed a 5% administration element in line with the ESFA regulations, of £3,483 (2019: £3,494). An amount of £51,997 (2019: £229,760) is included in deferred income relating to recycled funds that will be distributed to students in future years.

Notes to the Financial Statements (continued)

35 Conversion to the Trust

On 1 September 2019, the Cherry Willingham Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from the Lincolnshire County Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as "Donations – transfer from local authority".

The fair value of the leasehold land and buildings was based on a formal valuation carried out by a qualified and independent third party.

The following table sets of the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Leasehold land and buildings	-	-	4,700	4,700
Current assets				
Cash/loan – representing budget surplus/(deficit) on other school funds	-	17	-	17
Liabilities				
Creditors due in more than one year	-	-	-	-
Pensions				
LGPS pension surplus/(deficit)	-	(408)	-	(408)
Net assets / (liabilities)	-	(394)	4,700	4,309

Notes to the Financial Statements (continued)

35 Conversion to the Trust (continued)

On 1 September 2019, the Willoughby School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from the Lincolnshire County Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as "Donations – transfer from local authority".

The fair value of the leasehold land and buildings was based on a formal valuation carried out by a qualified and independent third party.

The following table sets of the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Leasehold land and buildings	-	-	4,000	4,000
Current assets				
Cash/loan – representing budget surplus/(deficit) on other school funds	-	46	-	46
Liabilities				
Creditors due in more than one year	-	-	-	-
Pensions				
LGPS pension surplus/(deficit)	-	(1,219)	-	(1,219)
Net assets / (liabilities)	-	(1,173)	4,000	2,827

Notes to the Financial Statements (continued)

36 Teaching school trading account

	2020 £000	2019 £000
Income		
Direct income	1,043	1,091
Other ESFA grants	111	156
Other Educational grants	187	116
Total Income	1,341	1,363
Expenditure		
Direct costs		
Teaching staff costs	460	408
Other direct costs	597	690
Total direct costs	1,057	1,098
Other costs		
Support staff costs	151	127
Other costs	11	16
Education costs	-	-
Occupancy costs	-	-
Auditors' remuneration	-	1
Total other costs	162	144
Total Expenditure	1,219	1,242
Surplus/(Deficit) from all sources	122	121
Surplus/(Deficit) brought forward at 1 September	20	(101)
Surplus/(Deficit) carried forward at 31 August	142	20

Notes to the Financial Statements (continued)

37 Pension and similar obligations

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

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

Contributions amounting to £702,168 (2019: £522,210) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £4,371,711 (2019: £2,816,176).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

Notes to the Financial Statements (continued)

37 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £2,260,217 (2019 £1,898,876), of which employer's contributions totalled £1,746,673 (2019 £1,457,646) and employees' contributions totalled £513,544 (2019 £441,230).

Note 35 highlights the LGPS obligation for Cherry Willingham Primary Academy and Willoughby Academy. This relates to the employees of the Trust who were the employees transferred as part of the conversions from the maintained schools and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the Trust at the balance sheet date.

The agreed contribution rates for future years for employers vary across academies and according to gross salaries 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.

Lincolnshire Pension Fund
(The Priory Academy LSST, The Priory City of Lincoln Academy, The Priory Ruskin Academy, The Priory Witham Academy, The Priory Pembroke Academy, Ling Moor Primary Academy, Heighington Millfield Primary Academy, Huntingtower Community Primary Academy, Waddington Redwood Primary Academy, Cherry Willingham Primary Academy and Willoughby Academy).

Principal actuarial assumptions

	At 31 August 2020 % per annum	At 31 August 2019 % per annum
Pension Increase Rate	2.2%	2.3%
Salary Increase Rate	2.5%	2.7%
Discount Rate	1.7%	1.9%

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

	At 31 August 2020 No. Years	At 31 August 2019 No. Years
Retiring today		
Males	21.4	21.2
Females	23.7	23.5
Retiring in 20 years		
Males	22.4	22.5
Females	25.2	25.2

Notes to the Financial Statements (continued)

37 Pension and similar obligations (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2020	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	13%	5,954
0.5% increase in the Salary Increase Rate	1%	426
0.5% increase in the Pension Increase Rate	12%	5,437

The Trust's share of the assets and liabilities of the scheme were:

	Fair Value at 31 August 2020 £000	Fair Value at 31 August 2019 £000
Equities	18,912	18,313
Bonds	5,482	4,014
Property	2,741	2,509
Cash	274	251
Total assets	27,409	25,087
Present value of scheme liabilities		
- Funded	(44,654)	(37,239)
- Unfunded	-	-
Deficit in the scheme	(17,245)	(12,152)

The actual return on the scheme assets in the year was a loss of £1,507,000 (2019: gain of £1,396,000).

Amounts recognised in the Statement of Financial Activities	2020 £000	2019 £000
Current service cost (net of employee contributions)	(3,912)	(2,591)
Past service costs	-	(168)
Losses / (gains) on curtailments and settlements	-	-
Interest income	524	641
Interest cost	(807)	(804)
Total amount recognised in the SOFA	(4,195)	(2,922)

Notes to the Financial Statements (continued)

37 Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations were as follows:	2020 £000	2019 £000
At 1 September	37,239	26,867
Conversion of academies	3,194	514
Transferred in on existing academies joining the Trust	-	-
Current service cost	3,912	2,591
Past service cost	-	168
Interest cost	807	804
Contributions by scheme participants	490	417
Actuarial (gains)/losses	(666)	6,105
Losses on Curtailments	-	-
Estimated benefits paid	(322)	(227)
At 31 August	44,654	37,239

Changes in the fair value of Trust's share of scheme assets:	2020 £000	2019 £000
At 1 September	25,087	21,860
Conversion of academies	1,567	282
Transferred in on existing academies joining the Trust	-	-
Expected return on scheme assets	524	641
Actuarial gains/(losses)	(1,581)	755
Contributions by employer	1,644	1,359
Contributions by scheme participants	490	417
Benefits paid	(322)	(227)
At 31 August	27,409	25,087

Notes to the Financial Statements (continued)

37 Pension and similar obligations (continued)

Leicestershire County Council Pension Fund
(The Priory Belvoir Academy)

Principal actuarial assumptions

	At 31 August 2020 % per annum	At 31 August 2019 % per annum
Pension Increase Rate	2.2%	2.3%
Salary Increase Rate	2.7%	3.3%
Discount Rate	1.7%	1.9%

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

	At 31 August 2020 No. Years	At 31 August 2019 No. Years
Retiring today		
Males	21.5	21.2
Females	23.8	23.4
Retiring in 20 years		
Males	22.2	22.2
Females	25.2	24.7

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2020	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	13%	366
0.5% increase in the Salary Increase Rate	1%	22
0.5% increase in the Pension Increase Rate	12%	339

Notes to the Financial Statements (continued)

37 Pension and similar obligations (continued)

The Trust's share of the assets and liabilities of the scheme were:

	Fair Value at 31 August 2020 £000	Fair Value at 31 August 2019 £000
Equities	913	866
Bonds	449	463
Property	124	119
Cash	62	45
Total assets	1,548	1,493
Present value of scheme liabilities		
- Funded	(2,873)	(2,658)
- Unfunded	-	-
Deficit in the scheme	(1,325)	(1,165)

The actual return on the scheme assets in the year was £87,000.

Amounts recognised in the Statement of Financial Activities	**2020 £000**	**2019 £000**
Current service cost (net of employee contributions)	(189)	(145)
Past service costs	-	(25)
Losses / (gains) on curtailments and settlements	-	-
Interest income	29	38
Interest cost	(52)	(58)
Total amount recognised in the SOFA	(212)	(190)

Notes to the Financial Statements (continued)

37 Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations were as follows:	2020 £000	2019 £000
At 1 September	2,658	1,998
Conversion of academies	-	-
Transferred in on existing academies joining the Trust	-	-
Current service cost	189	145
Past service cost	-	25
Interest cost	52	58
Contributions by scheme participants	24	23
Actuarial (gains)/losses	(14)	409
Losses on Curtailments	-	-
Estimated benefits paid	(36)	-
At 31 August	2,873	2,658

Changes in the fair value of Trust's share of scheme assets:	2020 £000	2019 £000
At 1 September	1,493	1,286
Conversion of academies	-	-
Transferred in on existing academies joining the Trust	-	-
Expected return on scheme assets	29	38
Actuarial gains/(losses)	(68)	49
Contributions by employer	106	97
Contributions by scheme participants	24	23
Benefits paid	(36)	-
At 31 August	1,548	1,493