

The Salterns Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2023

Company Registration Number:
08921490 (England and Wales)

The Salterns Academy Trust

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The Salterns Academy Trust

Reference and Administrative Details

Members

C Corcoran (appointed 17 March 2023)

A Cree

D Giles

M Park

S Labeledz

Trustees

A Cree (Chair)

P Hayes (Vice Chair)

A Barrett

N Hardingham

T Henley

E Johnson (appointed 6 November 2023)

A Majekodunmi

S Taviner

Senior Management Team

Trust Executive Leadership Team:

N Hardingham Chief Executive Officer

C Copeland Director of Education

R Davies Chief Finance Officer

R Parr Chief Operating Officer

School Senior Leadership Teams:

C Copeland Executive Headteacher: Trafalgar School

C Doherty Headteacher: Admiral Lord Nelson School

G Pearse Head of School: Trafalgar School

K Holness Deputy Headteacher: Admiral Lord Nelson School

M Hutton Deputy Headteacher: Admiral Lord Nelson School

A Raeburn Deputy Headteacher: Trafalgar School

S Fenner Assistant Headteacher: Admiral Lord Nelson School

L Clark Assistant Headteacher: Trafalgar School

M Cathie Assistant Headteacher: Trafalgar School

A Ghose Assistant Headteacher: Trafalgar School

The Salterns Academy Trust

Reference and Administrative Details

Company Name

The Salterns Academy Trust

Principal and Registered Office

Admiral Lord Nelson School

Dundas Lane

Portsmouth

Hampshire

PO3 5XT

Company Registration Number

08921490 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds Bank Plc

113 Commercial Road

Portsmouth

Hampshire

PO1 1BY

Solicitors

Stone King LLP

Boundary House

91 Charterhouse St

London

EC1M 6HR

The Salterns Academy Trust

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates two academies for students aged 11-16 in the North Island area of Portsmouth. Its academies have a combined student capacity of 2,250 growing over time to 2,310 and had a roll of 2,144 in the school census of October 2022.

Structure, Governance and Management

Constitution

The Salterns Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of the Salterns Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the academic year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

This is addressed within the Risk Protection Arrangement (RPA), which is operated by the DfE, and details can be found on the DfE website.

Method of Recruitment and Appointment or Election of Trustees

The Trust adopted new Articles of Association and a new governance structure in April 2022. The new Articles detail that board membership comprises six Member-appointed Trustees, and an unspecified number of co-opted Trustees (appointed by the member-appointed Trustees). The Members has chosen to appoint the six member-appointed Trustee positions using the following criteria: five independent Trustees and the Chief Executive Officer. There is currently one co-opted Trustee.

The Trust chooses not to appoint any parent Trustees as there are a minimum of two parent governors on each school's Local Governing Body (LGB).

Through its independent Trustees and co-opted Trustees, the Trust works to maintain a balance of professional and local community input to the Trust board.

The Trust Board determine the relevant skills, experience, quality and capacity, and qualifications that they require a new Trustee to have, in line with the DfE Competency Framework for Governance and DfE Governance Handbook.

The Salterns Academy Trust

Trustees' Report

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

The Trust Board seeks to maintain a balance of professional expertise across different topics, such as Education, Community Leaders, Finance, Legal and HR. Every effort is made to ensure that new Trustees are fully able to support the organisation's ethos and promote the fundamental British values of democracy, the rule of law, individual liberty, and mutual respect and tolerance for those with different faiths and beliefs; and encourage students to respect other people, with particular regard to the protected characteristics set out in the Equality Act 2010 and accompanying guidance.

It is essential that the Trust Board has a proper mix of skills and experience. The Trustees are aware of the need to plan for succession and to support the continued growth of the Trust, seeking to balance continuity of experience and expertise with new ideas and energy.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustee appointments will bring a particular skill set to the Trust Board. Each new Trustee will be properly inducted to ensure that they understand the nature and extent of their role and responsibilities. It is the duty of a new Trustee to ensure that they are familiar with the Objects of the Trust; its history and ethos and the nature and extent of its activities; and the content of the Trust's Articles of Association. The Trustees shall provide each new Trustee with:

- The Trust's Articles of Association
- Standing Orders
- Scheme of Delegated Authority

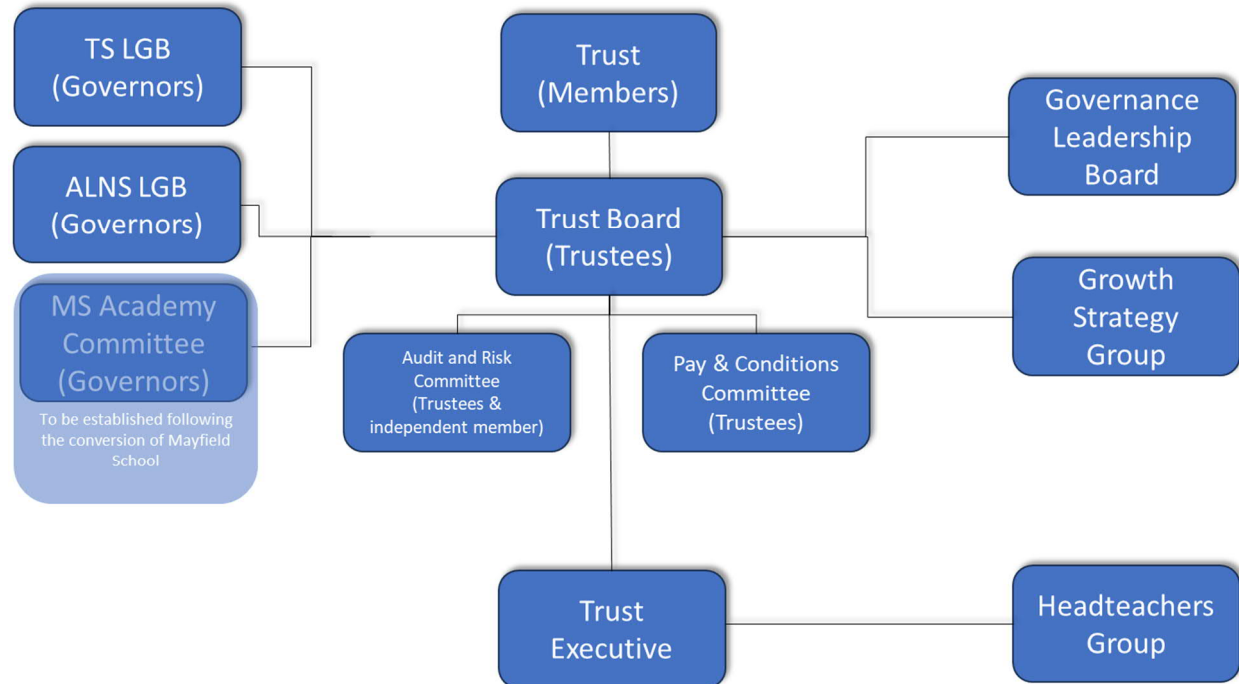
As part of their induction, Trustees understand that there will be a requirement for ongoing training and development in the role.

The Trust fosters links with other governor associations, being active members of the National Governors Association (NGA) and Confederation of School Trusts (CST) and having links to Hampshire and Portsmouth's governor information services to ensure Trustees are well informed and up to date.

The Salterns Academy Trust

Trustees' Report

Organisational Structure



The Trustees are responsible for the governance and supervision of the Trust and its Committees (including the Local Governing Bodies). The Trustees have several duties and responsibilities relating to the governance of the Trust and its finances.

Trustees are responsible for:

- Establishing the vision, mission, and values for the Trust.
- Ensuring the Trust is a going concern in accordance with the objects of the Trust as set out in the Articles of Association and for safeguarding the assets of the Trust.
- Designing strategy and structure for the operation of the Trust.
- Delegating the running of the Trust's schools and the direction of the education, pastoral care, financial and other policies of each school to its Headteacher.
- Ensuring sound management and administration of the Trust by the Chief Executive Officer, and ensuring that they are equipped with the relevant skills and guidance.
- Ensuring the financial controls and the financial management of the Trust are in accordance with the provisions of the Academy Trust Handbook.
- Setting standards of conduct and values, monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon.
- Risk management to identify, quantify, and devise systems to minimise the major risks affecting the Trust.
- Ensuring the Trust and the Trust's schools are conducted in compliance with the general law and the Public Sector Equality Duty.

The Salterns Academy Trust

Trustees' Report

Organisational Structure (continued)

The Trust has Terms of Reference outlining the delegated responsibilities of the Audit and Risk Committee and the Pay and Conditions Committee. Formal terms of reference are also in place for the Governance Leadership Board and the Growth Strategy Group. These terms of reference set out the specific remits of these groups and confirm their advisory, rather than decision making, status.

The Audit and Risk Committee's role is to:

- Direct the Trust's programme of internal scrutiny.
- Ensure that risks are being addressed appropriately through internal scrutiny.
- Advise the Board on the adequacy and effectiveness of the Trust's systems of internal control and its risk management and governance processes.
- Satisfy itself that satisfactory arrangements are in place to promote economy, efficiency, and effectiveness (value for money).

The Pay and Conditions Committee's role is to:

- Ensure a consistent approach to appraisal and benchmarking of proposed pay awards has taken place.
- Observe all statutory and contractual obligations for both teachers and support staff.
- Agree the staffing structures within each of the Trust schools.
- Make recommendations to the Trust Board, where appropriate.

Full details of the Terms of Reference for these Committees can be found in the Trust Standing Orders.

The Trust's Scheme of Delegated Authority outlines the delegation of responsibilities to the Trust Executive Leadership, the school's Executive Headteacher and the school's Local Governing Body (LGB). The level of delegation is influenced by the maturity of each school LGB and whether the school is rated as good or better by an external agency. Both schools currently hold an OFSTED rating as good providers. The Scheme of Delegated Authority was last reviewed in April 2023 and is reviewed annually.

Arrangements for setting pay and remuneration of key management personnel

The Trust Board has established a Pay and Conditions Committee which makes decisions on all aspects of pay for staff, including the pay ranges, pay scales and the proposals for any performance related pay because of successful appraisals. This process includes the setting of pay for the CEO, Executive Headteacher and Headteacher:

- Trust CEO
- Trust Education Director and Executive Headteacher at Trafalgar school
- Headteacher at Admiral Lord Nelson School

The membership of the Pay and Conditions Committee is outlined in the Trust's Standing Orders. Challenge is brought to the appraisal process for the CEO, EHT and HT by using external consultants, who provide independent opinion as part of the evidence relating to annual appraisal and salary review.

The Salterns Academy Trust

Trustees' Report

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£2,083
Total pay bill	£11.7m
Percentage of the total pay bill spent on facility time	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Related Parties and other Connected Charities and Organisations

The Trust was the educational provider on the establishment of the University Technical College (UTC) Portsmouth when it was established and as part of our ongoing relationship the Chief Executive Officer sits on the UTC Portsmouth Board of Trustees.

The Trust has benefitted from a service level agreement for the past three years with another larger multi-academy trust, GLF Schools, to support a partnership agreement for the provision of school improvement support for the Trust. The Trust has also provided school improvement support to GLF Schools, when required.

Two years ago, the Trust formed a partnership, underpinned by service level agreements, with HISP Multi Academy Trust. The Trust is commissioned to lead the Portsmouth delivery of the Early Careers Framework for new entrants to the profession locally and to co-deliver the new National Professional Qualifications and other Professional Development opportunities for teachers in Portsmouth. The Trust provides commissioned school improvement support to HISP Multi Academy Trust schools on an ad-hoc basis, as required.

The Trust has also formed a partnership with Portsmouth City Council involving a service level agreement for the provision of services to offer leadership support to the work of the Portsmouth Education Partnership as it seeks to implement a strategy based upon developing Restorative and Relational Practice with the aim of improving attendance and engagement in education.

The Salterns Academy Trust

Trustees' Report

Related Parties and other Connected Charities and Organisations (continued)

The Trust is not involved in any formal wider networks that impact operating policies; neither does it have any other connections to charities who are in anyway involved in the working of the Trust or its schools.

Engagement with employees (including disabled persons)

The Trust recognises that equality of opportunity in recruitment and selection must be an integral part of good practice, and therefore, has an employment policy of equal opportunity in line with the Public Sector Equalities Duty and relevant equalities legislation, and operates appropriate HR practices.

The Trust supports applications for employment from persons with a disability and makes the necessary arrangements for facilities and additional support where possible in relation to recruitment and retention.

Where existing employees become disabled, it is the Trust's policy to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to employees with a disability as appropriate.

Staff receive a weekly newsletter relating to matters which affect them and are required to attend mandatory training sessions throughout the year for more detailed explanation of changes. Where staffing proposals are being considered, staff consultation takes place with the affected staff, including the opportunity for individual discussions on request. There are regular staff surveys to assess staff view and the Trust's headteacher's ensure staff wellbeing is a key focus within their school. Finally, staff can of course discuss any concerns or queries with their line manager during regular supervision meetings.

Engagement with suppliers, customers and others in a business relationship with the trust

The Trust is committed to effective engagement of all stakeholders, including students, parents, staff, the local community, and suppliers. The Trust is committed to ensuring that all students can fulfil their potential, in line with our vision and objectives. The impact on students, parents and the local community is at the heart of all decisions made by the Trust. In all engagements with stakeholders, we seek to adhere to the values of the Trust.

The Salterns Academy Trust

Trustees' Report

Objectives and Activities

Objects and Aims

Our vision at The Salterns Academy Trust is that:

"We will provide an excellent and inclusive educational experience that prepares our students for the world of tomorrow"

We aim to deliver this vision for every young person in our Trust schools, alongside working to promote this vision for all young people in Portsmouth through our collaborative work in our city.

Underpinning our vision, we have identified the following core values which shape our work as a Trust:

- Inclusive and student-centred
- High ambition for all
- Curriculum excellence
- Promoting wellbeing
- Community and collaboration
- Continuous improvement
- Professional development

We know that great teaching transforms lives. Young people get one chance at their education: we must make sure that they get the very best one with us. Every lesson, everyday counts!

Objectives, Strategies and Activities

Our key objectives for 2022/23 are included in the Strategic Report below. Each strategic priority is underpinned by an improvement plan. Through the existing governance arrangements across the Trust, progress against these priorities is discussed and evaluated.

Public Benefit

In setting our objectives and planning our activities the Trustees have had regard to the Charity Commission's guidance on public benefit. We believe that by providing two high achieving schools in our area of Portsmouth we will provide opportunity for the children of residents to receive an excellent education. This in turn will open doors for them to reach their potential, thereby benefiting themselves and the wider Portsmouth community. By deliberately growing the capacity at both schools, we can reach a greater number of young people in the Portsmouth area. A review of the Trust's partnership working, collaborative approaches, school improvement activities, outreach work and capital investment this year confirmed that the Trust has furthered its charitable purposes for the public benefit.

The Salterns Academy Trust

Trustees' Report

Strategic Report

Achievements and Performance (including Key Performance Indicators)

In the timeframe of this report, the Trust's primary considerations were to continue the improvements and growth taking place within each of its two secondary schools and prepare for the next stage of its development through the onboarding of a third school into the Trust.

Our Trust Strategic objectives for 2022/23 were to:

1. Refine our Growth Strategy and identify actions required to prepare for the next stage of our development so that our schools are empowered to deliver our vision of excellent and inclusive education that prepares our students for the world of tomorrow.
2. Continue to focus on building strong effective partnerships and collaborative working with a range of partners that support school improvement and leadership development as we raise profile of our schools locally and nationally as centres of excellence for inclusive education.

Examples include:

- Leading on relational practice in Portsmouth, in partnership with PCC
 - Leading the local Early Careers Framework and National Professional Qualifications leadership programmes, in partnership with HISP MAT
 - Delivering school improvement, in partnership with GLF Schools
3. Improve the academic progress of all students, with a continued focus on developing excellent provision for children with SEND or those who are experiencing barriers to learning because of financial hardship, so that we narrow any gaps in comparison with their peers.
 4. Continue to improve our governance self-review and improvement planning as we strive towards excellence in governance systems, processes and reporting.
 5. Maintain our financial security through careful financial planning and budget monitoring as we respond to national economic challenges in the coming years.
 6. Maintain our cyber security, drawing upon support and training from our partners, as we further develop our capacity to respond to risk in this area.
 7. Continue a programme of capital investment in our school buildings, infrastructure, and grounds, supported by bidding for additional capital funding.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

The Trust's Growth Strategy, adopted by the Board in early 2021, set out a three-year direction of travel towards trust growth. During 2022-23, the trust executive leadership transitioned effectively with the recruitment of a new Chief Finance Officer (internal promotion) and Chief Operating Officer (external recruitment) at the start of the academic year. The Board established a Trust Growth Strategy Group to investigate growth options and then advise the Board. In January 2023, the CEO role became a distinct, part-time role following a successful external Headteacher recruitment process for Admiral Lord Nelson School, which resulted in the promotion of the Head of School. Also in January 2023, our Education Director completed their two-year secondment to a GLF Schools secondary school, which secured its first Ofsted Good judgement in fifteen years!

As a result of the leadership changes above and the extensive collaborative work with other trusts and within the Portsmouth Education Partnership undertaken by trust and school leaders over the past 2 years, the capacity was created for Salterns Trust to be considered as a viable destination trust for Mayfield School when it received its directive academy order in February 2023. Our bid to welcome Mayfield School into Salterns Trust was successful in April 2023 and extensive due diligence was undertaken. School improvement work with Mayfield School has begun at pace from July 2023 although, as we still await resolution of site suitability issues, the academy conversion date has been delayed until 2024.

Senior and middle leaders across the trust successfully led the delivery of both Year 1 and Year 2 of the new Early Careers Framework for Primary and Secondary ECTs and the new National Professional Qualifications, in collaboration with our local teaching school hub at HISP MAT. This enabled us to work collaboratively with senior leaders across the trust and from primary schools in Portsmouth. Exposure to the latest pedagogical and leadership development research has empowered our leaders to improve our in-house professional development so that all teachers have exposure to the latest research to improve their classroom practice and leadership skills.

We continue to have a mutually beneficial collaboration with GLF Schools, which includes a service level agreement for coaching support for trust leaders and school improvement quality assurance support for school leaders. Quality assurance reviews with leaders from GLF Schools have repeatedly shown that our school leaders know their schools well and have accurately identified the priority areas for school improvement. This collegiate approach to school improvement was incredibly useful for senior and middle leaders in our preparations for Ofsted inspection again, this year at Trafalgar School. Leaders across the Trust have completed quality assurance work at GLF Schools and supported some curriculum leaders with their curriculum development. The impact of this support was seen in the achievement of an incredibly positive Ofsted inspection report for Trafalgar School in June 2023, achieving its first outstanding judgement for a key area, Personal Development.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

Due to the excellent practice at Trafalgar School, the Trust has been commissioned to lead the development of Relational Practice in education settings across all phases in Portsmouth for Portsmouth City Council as part of its drive to improve attendance and reduce suspensions. Trafalgar School leaders have devised and delivered a leadership development programme on behalf of the Portsmouth Education Partnership with over 30 schools have taken part since the autumn term of 2021. Feedback from all the sessions and school visits to date has been overwhelmingly positive.

The GCSE exams this year saw a national decline in student performance, which was particularly felt locally in Portsmouth. At Salterns Trust, academic outcomes have improved during 2022-23 and are broadly in line with 2019 outcomes. Admiral Lord Nelson School bucked the national and local trend by returning to progress and attainment outcomes that were in line with 2019 performance and much improved in relation to 2022. Trafalgar School achieved its best ever progress 8 score and improved attainment outcomes in comparison with 2019. Our school and trust leaders remain relentless in their drive to ensure that outcomes improve further for children who are deemed vulnerable or experiencing disadvantage due to financial hardship. Improving the life chances of every child by empowering them to be academically successful remains at the heart of the trust's approach to school improvement. Poor attendance at school remains a key barrier to successful learning and in line with the national situation, we have identified that this will be one of our school improvement priorities across the Trust for 2023-24.

In July 2023, the trust was successful in its bid to be awarded one of only 15 DfE Languages Hub across England due to the long-term commitment to languages learning in French and German at Admiral Lord Nelson School, with over 75% GCSE languages entry each year. The Language Hub will be delivered by Salterns Trust with the CEO working with our two experienced school Language leaders on this exciting new venture to promote increased engagement with Languages learning across the Solent region.

The Trust commissioned the National Governance Association to undertake an external review of its Governance in the summer term of 2023. This review involved both the Trust Board and the Local Governing Bodies and now informs a governance improvement plan to ensure that the work of the Governing bodies and the Trust Board is well aligned as they provide support and challenge to school leaders. The review found that the Trust "has effective governance practices in place and a good understanding of its three core functions." The report sets out a series of recommendations for the Trust to make further improvements to its governance arrangements which form the basis of a governance improvement plan being developed by the Trust's Governance Leadership Board.

The Trust has undertaken a self-review against the Department for Education published "Must Haves" to ensure it remains compliant with the requirements of the Academy Trust Handbook. No significant issues were raised by the external auditor and all recommendations made by the auditor were addressed. The Trust operates a comprehensive risk register, reviewed regularly by the Audit & Risk committee, and presented to the Trust Board annually. The risk register informs the programme of internal scrutiny and steps are being taken to improve the reporting of risk and scrutiny issues between the board and the Local Governing Bodies.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

The Trust has sought to engage all tiers of its governance in driving forward its governance improvement as it drives towards best practice and a sense of a “one organisation” approach to governance which ensuring focus on the schools, outcomes, and the delivery of inclusive education. The membership of the board has been reviewed and steps will continue to be taken in 2023-24 to strengthen the board with the additional skills which are considered necessary as the trust undertakes a period of growth, alongside a focus on succession planning and trustee training and development.

In the face of major economic challenges, a 5-year strategic budget plan, setting financial short-term and long-term goals, was presented to Trust Board. The plan aligns with the vision of the Trust to ensure we become more resilient to change and well placed to mitigate the risk of incurring unforeseen costs, setting aside reserves for future sustainability. A stable, skilled, and well-qualified finance team working across the Trust ensured the efficient management of our finances and delivered high quality reporting to both Trustees and governors. The uncertainty around staff inflationary pay increases, teachers strikes and the ongoing challenges to recruit and retain staff, has required tighter management of budgets through regular review and reporting, to ensure both schools are able to remain well equipped to provide high-quality education. To support Trust growth, streamline processes and provide more efficient, accurate, comprehensive real-time financial reporting and budget monitoring, the trust invested in new financial software with the implementation taking place during summer 2023, ready to go live for 2023-24.

Significant improvements have been made to the Trust's cyber security arrangements during 2022-23. Our Trust team has worked with Colleagues from other Trusts (notably GLF Schools) as well as experts from the IT industry to design and implement a layered cyber security approach which address the wide range of risks that schools are exposed to. New training and communication tools have been deployed ensuring that cyber security messages are visible across the schools, reinforced by short and targeted learning resources and simulated attacks to ensure learning has been embedded; this has created a position where prioritising cyber security is now accepted as organisational culture. In addition, new software solutions have been implemented including enhanced anti-virus protection, more rigorous backups of key data and tools to constantly monitor network traffic and automatically act to prevent the spread of malicious software or viruses. Our decision in 2022-23 to actively transition to the cloud as part of longer-term development will provide increased opportunities to ensure data is better protected in 2023-24. The Trust has responded to the changes to Keeping Children Safe in Education 2023 guidance with an enhanced focus on filtering and monitoring, with any network vulnerabilities identified being promptly addressed. Cyber response plans have been improved for each school and specific cyber insurance, in addition to that provided through the RPA, has been maintained.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

The Trust continues to undertake capital investment in its schools with significant improvements and enhancements being made at both sites. This work has been supported by a refreshed estate strategy which identified priority areas and established a trust focus on ensuring sustainability development across the estate. Through the Trust's planned programme of capital works for 2022-23, the following has been delivered at Trafalgar School: upgrades to windows and roofs, new security fencing on the south drive, an electric security access gate to the staff car park, improved seating and landscaping to the quad, replacement fire doors, a replacement water tank following a flooding incident and refreshed external and internal signage. At Admiral Lord Nelson School, the capital programme of works has included: improved classroom environment in five languages classrooms, installation of a new outdoor catering outlet, a covered canopy and seating in the front playground, a new suite of music practice rooms, new CCTV to improve safety and security and a new lighting rig in drama studio.

In addition, both sites have benefitted from Department for Education energy efficiency funding which has enabled additional measures to be put in place, including water heating upgrades, air conditioning improvements and LED lighting. An energy efficiency review of both sites has been undertaken to inform the next revision of our Estates Strategy. A strategy for the implementation of Solar PV panels to reduce carbon usage and energy costs has been devised and this will be work undertaken through a roof lease and power purchase agreement with PCC, meaning the system can be installed with limited risk and no capital outlay from the Trust. The trust was unsuccessful in its CIF bids again this year and work has been undertaken to review the reasons why and submit stronger bids next year. A Trust Estates, Health and Safety leadership group has been established (comprising Trust, school, and governance leaders) to provide oversight and steer to ongoing estates and health and safety matters in schools. A Reinforced Autoclaved Aerated Concrete (RAAC) survey was undertaken at Trafalgar School so that the Trust could be assured that there is no RAAC in either of its schools.

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.

Promoting the success of the company

The Trust undertakes business in a way that best promotes the success of the Trust in achieving its charitable purposes and in doing so, has regard to matters including:

- The consequences of any decision in the long term.
- The interests of the Trust's employees.
- The need to foster the Trust's business relationships with suppliers, students, parents, and others.
- The impact of the Trust's operations on the community and the environment.
- The desirability of the Trust in maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Trust.

The Salterns Academy Trust

Trustees' Report

Promoting the success of the company (continued)

These are embedded in decision-making from the Board of Trustees throughout the Trust.

The Salterns Academy Trust has focussed on ensuring the Trust can deliver the following and be a successful Trust:

- Strong Trust Executive Leadership with local credibility for collegiately and collaboratively working to support the delivery of excellent education in all Portsmouth schools that improves the life chances of all children and families in Portsmouth.
- Evidence of the capacity to effect rapid school improvement through the delivery of inclusive education through a broad and balanced curriculum offer.
- Promoting the personal development of all students and empowering them to become successful learners, confident individuals, and responsible citizens.
- Capacity to provide HR, capital and infrastructure development, ICT support and organisation support under the guidance of the Executive Team.
- Strength in Initial Teacher Education and the ability to provide a pipeline to support teacher recruitment.
- Commitment to valuing the uniqueness of each school.
- Driving school improvement priorities across all schools in our Trust through a collaborative approach.
- Trust School Improvement team that works within an agreed set of principles to promote best practice and support continuous pedagogical development.
- Tailored school improvement offers from the Trust, drawing upon internal and external expertise to collaborate with school leaders to address identified priorities.
- Capacity to provide peer to peer support for curriculum development across the full range of subjects.
- Commitment to putting people development at the heart of our school improvement strategy, especially leadership development, within a culture that actively promotes wellbeing at all levels.
- National and local recognition for excellence in the delivery of Arts education.
- Expertise and strength in SEND provision and Inclusion, which is recognised locally and nationally.
- Sound fiscal management with sufficient reserves.
- Experienced and highly credible leadership of the Trust Board.
- Commitment to the Personal Development Curriculum, to all Trust Schools becoming UNICEF Rights Respecting Schools, and to the education of the whole child so they are well prepared for modern life.
- Commitment to working collaboratively and promoting Relational Practice in all aspects of our work both within our Trust and beyond.

The Salterns Academy Trust

Trustees' Report

Financial Review

The Trust follows the requirements of the DfE's Academies Trust Handbook and Accounts Direction for its fiscal management practices. The Finance Policy is updated annually and presented to the Trust Board for approval in September each year.

General Annual Grant (GAG) from the ESFA constitutes most of the Trust income, together with other central Government payments such as the Pupil Premium Grant and, for capital, the Condition Improvement Fund (CIF) grants. There is subsidiary income from the Local Authority, catering services, lettings of buildings, parental contributions to school trips and events and work that various staff carry out for other organisations.

The Trust operated by top slicing 2.1% of the GAG funding from each academy and returning any balances to the schools within the Trust to be spent on improving the life chances of all the students. Other income is retained by the schools. As the Trust develops its core capabilities the top slice figure has been varied each year.

The Trust Board oversees financial control and value for money. A separate Audit and Risk committee oversee internal control and management of risk also exists. Both schools' Local Governing Bodies have delegated authority to recommend and monitor the school budget, reporting to the Trust. Management accounts are sent to the Chair of the Trust monthly and are reported to each Trust Board meeting. All major financial decisions are referred to the Trust Board.

Expenditure is targeted against the key Trust objectives and the specific school improvement plans all of which are approved and actively monitored by the Trust. A substantial proportion of the money is committed to staffing costs, which includes both teachers and support staff.

Staffing structures are approved annually and any changes in positions or salaries, including the remuneration of all senior staff, require Trust approval, through its delegated Pay and Conditions Committee.

The Trust carries an ongoing liability for the Local Government pension scheme, which is reviewed every three years.

Other expenditure is also targeted, where possible, on improvement objectives and delegated authorities for expenditure are managed in accordance with the Financial Management Protocol.

Formal procurement exercises are undertaken for large items of expenditure, and multiple quotes are required for other items, as per the Finance Policy, to ensure value for money is achieved.

The Salterns Academy Trust

Trustees' Report

Reserves Policy

The Salterns Academy Trust has considered the guidance within the Academy Trust Handbook (and associated DfE guidance), the Accounts Direction, and the Charity Commission guidance. Deciding the level of reserves that the Trust needs to hold is an important part of fiscal management and forward financial planning.

The Trust believes that it is prudent to retain some reserves to protect the Trust from financial risk, generated by, for example:

- Any uncertainty, turbulence or expected reduction in funding arrangements
- Unexpected falls in student numbers
- Cash flow issues due to delays in receipt of funding
- Emergencies
- Unexpected and unplanned events

These reserves would ensure that the Trust can continue to deliver educational provision and fulfil its key purpose. At the same time, the Trust wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

For 2022/23, the retention represents one month's expenditure. The Trust believes this is a prudent value to enable the Trust to manage known issues (such as the risks associated with growth and cyber-security), ongoing uncertainties (such as rising energy costs) and emergency events. This level of reserves will enable the Trust to utilise unallocated reserves for investment in major projects which improve the education provision for our students and staff, including capital works at both schools. Local Governing Bodies can request expenditure from the Trust remaining reserves for clearly identified and costed purposes, including capital investment in the school site. The Trust Board will review the Reserves Policy annually and consider the effectiveness of the policy in the light of the changing funding and financial climate and other risks. The Trust Board can also review the reserves level at any time during the academic year if risks change or in response to a recommendation from the Audit and Risk Committee.

The reserves as at 31 August 2023 were as follows:

- Unrestricted (free) reserves of £782,591 (2022: £647,999)
- A restricted fixed asset fund of £25,379,460 (2022: £25,391,097), which can only be realised through disposal of tangible fixed assets
- A pension deficit of £139,000 (2022: £764,000)
- Other restricted funds of £519,290 (2022: £1,035,595)
- Total funds of £26,542,341 (2022: £26,310,691)

The Salterns Academy Trust

Trustees' Report

Investment Policy

The Trust's investment objectives are:

- To achieve the best financial return available whilst ensuring that security of deposits takes preference over revenue maximisation.
- To only invest funds surplus to operational need based on all financial commitments being met without the academy bank account becoming overdrawn.
- To exercise care and skill and by complying with this policy, invest only in the best interests of meeting the students' needs.

Principal Risks and Uncertainties

The Trust considers the major risks to be:

- Impact of Trust growth on financial stability, educational improvement and good governance across the Trust.
- Exposure to cyber risks through failure to maintain the highest standards with regards to IT.
- Failure to monitor the effect of risks over which the school has no or little control such as economic and natural disaster, pandemic, and industrial action.
- Failure to take appropriate action during a pandemic or other significant public health event.
- Failure to ensure that the Trust maintains overall financial control in relation to its management of the budget.
- Failure of the Trust to recruit Trust Directors or local school Governors who have the correct profile, skills and experience, potentially bringing a reputational risk and loss of confidence in the Trust.
- Failure to manage the impact of inflation.

The Trust is in the process of bringing a new school into the Trust and has identified this as a significant risk due to the programme of change this requires. The risk is mitigated through the due diligence process, expert support that has been commissioned and role of the Trust board in oversight and decision making.

The Trust maintains comprehensive insurance cover through the Risk Protection Arrangement and has business continuity plans in place to help mitigate the impact of any unforeseen events. The Trust has undertaken significant steps to improve its cybersecurity, including undertaking all checks recommended by the National Cyber Security Council (NCSC) and continues to work towards cyber essentials accreditation.

The Trust has been successful in recruiting new members to join its Local Governing Bodies and will be appointing new trustees to join the board in 2023-24. This is an action arising for the National Governance Association's external review of our governance.

The Trust has embedded the learning for the Covid Pandemic and monitors government guidance and best practice in terms of future preparation. The Trust has maintained its Chromebook leasing schemes across both schools and its ability to deliver education virtually, should the need arise in the future.

The Salterns Academy Trust

Trustees' Report

Principal Risks and Uncertainties (continued)

With regard to economic risks, the Trust is protected from increasing energy bills due to medium term contracts already in place and a commitment to source more sustainable energy through the installation of solar photovoltaic panels at both of its schools. The impact of inflationary risks and the knock-on impact on goods and services will be kept under review, and where necessary, adjustments in financial plans will be made. The Trust has 3-year budget forecasts and plans with accuracy so that it has advance knowledge of potential shortfalls or surpluses and can adjust plans accordingly. The Trust is in regular contact with the ESFA about all financial matters.

The Trust Estate Strategy is reviewed annually to ensure resources are appropriately prioritised for areas of most need and that key risks arising from the estate are addressed. DfE guidance (including Good Estate Management) is used to inform this work as are DfE condition surveys. The Trust submits bids annually as part of the Condition Improvement Fund process and engages a third-party consultant to advise on these bids and the prioritisation of works. An Estates, Health and Safety Leadership board meets termly to review strategic issues relating to the estate and share best practice across the Trust schools. Site teams are employed at each school to deal with day-to-day maintenance urgent actions to mitigate risks arising from the estate and compliance with relevant regulations.

All risks are closely monitored by the Audit and Risk Committee and recorded in the Risk Register.

Fundraising

As part of its work within the community, the Trust undertakes fundraising activities, for example through non-uniform days and bake sales. The Trust raises funds to support its own operations and to make donations to local, national and international charities. The Trust undertakes all such activities itself, with the help of its students and their families and confirms that, when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the Trust during the year.

The Salterns Academy Trust

Trustees' Report

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period	1 September 2022 to 31 August 2023	1 September 2021 to 31 August 2022
Energy consumption used to calculate emissions (kWh)	2,328,218	2,357,843
Energy consumption break down (kWh)		
• gas	1,535,641	1,639,626
• electricity	792,577	718,217
• transport fuel*	0	0
<i>Scope 1 emissions in metric tonnes CO₂e</i>		
Gas consumption	282.36	301.48
Owned transport – mini-buses	0.35	0
Total scope 1	282.71	301.48
<i>Scope 2 emissions in metric tonnes CO₂e</i>		
Purchased electricity	184.78	167.44
<i>Scope 3 emissions in metric tonnes CO₂e</i>		
Business travel in employee-owned vehicles	0	0
Total gross emissions in metric tonnes CO ₂ e	467.49	468.92
<i>Intensity ratio</i>		
Tonnes CO ₂ e per pupil	0.22	0.23

* includes energy consumption from transport where the academy trust is responsible for purchasing the fuel.

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

An energy audit has been undertaken and a series of energy efficiency measures identified, which are in the process of being implemented. This includes LED lighting, changing to air conditioning systems, and water heating. Bids were made for capital funding for new boilers and a boiler management system. These bids were unsuccessful, and we will bid again next year and explore what further action can be taken through our estates strategy to improve our efficiency and sustainability.

The Salterns Academy Trust

Trustees' Report

Plans for Future Periods

For the academic year 2023/24, the Salterns Academy Trust has set the following Strategic Priorities:

1. Re-define our Growth Strategy for the next phase of our development, creating sufficient capacity to transition into a Trust of three large schools in 2023/24 and to be ready to welcome more Portsmouth schools into Salterns Trust over the next three years so that more local families and children access our vision of excellent and inclusive education that prepares our students for the world of tomorrow
2. Successfully onboard Mayfield School into the Trust, implementing a sustainable approach to school improvement that rapidly creates a safe, harmonious learning environment in which students experience an aspirational curriculum that empowers them to be successful both academically and socially.
3. Continue to focus on building strong effective partnerships and collaborative working with a range of partners that support our ability to deliver high quality school improvement and leadership development as we raise the profile of our schools locally and nationally as centres of excellence for inclusive education. Examples include:
 - a. Leading on Relational Practice in Portsmouth, in partnership with PCC
 - b. Leading the local Early Careers Framework and National Professional Qualification leadership programmes and Initial Teacher Education, in partnership with HISP MAT (our local Teaching School Hub)
 - c. Leading the DfE Languages Hub, in partnership with National Consortium for Languages Education (NCLE)
4. Continue to improve the academic progress of all students through ensuring high rates of attendance by developing excellent provision for children with SEND or those who are experiencing other barriers to learning (such as financial hardship), so that they feel increasingly successful and we narrow any gaps in comparison with their peers.
5. Strengthen our governance processes as the Trust grows, ensuring best practice in recruitment, development, and succession planning and in the effective interaction between the tiers of governance.
6. Continue a programme of capital investment in our school estates, supported by bidding for additional funding, so that our schools have high quality facilities for the delivery of excellent, inclusive education.
7. Continue to focus on building strong effective partnerships and collaborative working with a range of partners that support our ability to deliver high quality school improvement and leadership development as we raise the profile of our schools locally and nationally as centres of excellence for inclusive education. Examples include leading on Relational Practice in Portsmouth, in partnership with PCC.

The Salterns Academy Trust

Trustees' Report

Funds Held as Custodian Trustee on Behalf of Others

The Trust holds no funds as a custodian trustee on behalf of others.

Auditor

Insofar 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 6 December 2023 and signed on the board's behalf by:

A M Cree

A Cree

Chair of Trustees

The Salterns Academy Trust

Governance Statement

Scope of Responsibility

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and Competency Framework for Governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Salterns Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Trust Board

The Board of Trustees has formally met seven times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

	Meetings attended	Out of a possible
A Cree (Chair)	7	7
P Hayes (Vice Chair)	6	7
A Barrett	5	7
A Majekodunmi	5	7
S Taviner	2	7
N Hardingham	7	7
T Henley	6	7

The Salterns Academy Trust

Governance Statement

Governance (continued)

The work of the Trust Board is summarised as:

- Establishing the vision and values for the Trust.
- Ensuring the Trust is a going concern in accordance with the objects of the Trust as set out in the Articles of Association and safeguarding the assets of the Trust.
- Designing strategy and structure for the operation of the Trust.
- Delegating the running of the Academies and the direction of the education, pastoral care, financial and other policies of the Academies to the CEO.
- Ensuring sound management and administration of the Trust by the CEO, and ensuring that the Chief Executive Officer is equipped with the relevant skills and guidance.
- Ensuring the financial controls and the financial management of the Trust are in accordance with the provisions of the Academy Trust Handbook, which sets out in detail provisions for the financial management of the Trust.
- Setting standards of conduct and values, monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon.
- Risk management, which is identifying, quantifying, and devising systems to minimise the major risks affecting the Trust.
- Ensuring the Trust and its academies are conducted in compliance with the general law.

Specific matters considered in 2022-23 included:

- Trust Expansion – including review of due diligence work related to onboarding a new school into the Trust.
- School Improvement – including Trust School Improvement Framework, headline outcomes and predictions.
- Policies – including Health and safety, Data Protection Finance, Reserves Management, Whistleblowing.
- Strategies – including Trust Growth and Development Strategy and Trust Estates Strategy.
- Benchmarking data from a variety of sources, including SRMSAT.
- Finance – Annual Accounts, monthly management accounts, capital plans and CIF bids, 3-year forecasts, and end of year outturn.
- Risk management – adopting a risk strategy, receiving the updates and the annual report from Audit and Risk Committee, Internal Scrutiny Report.

Conflicts of interest

The Salterns Academy Trust maintains an up-to-date and complete register of interests, which is used to identify potential conflicts. At every meeting of the Trust Board or any of its committees, including the Local Governing Body meetings, clarification is sought of any potential conflicts of interest linked to the items under discussion. Where any potential conflict is identified, the relevant person would be excused from any decision-making on that matter.

The Salterns Academy Trust

Governance Statement

Governance (continued)

Governance reviews

The Trust commissioned the National Governance Association to undertake an external review of governance during 2022/23. This review included a desk-based analysis of trust documentation inc. policies and board/committee minutes, a survey of trustees and Local Governing Body members, face to face interviews with chairs, executive leaders and Headteachers and observation of a board meeting.

The review found that the Trust *"has effective governance practices in place and a good understanding of its three core functions"* and made a series of recommendations for improvements, most of which have been accepted by Trust Leaders. The Trust, through its Governance Leadership Board, which includes Trustees and Chairs of the LGBs, is in the process of developing an action plan to address these recommendations, delivery of which will be monitored by the Trust Board.

Audit and Risk Committee

The Audit and Risk committee is a sub-committee of the main Board of Trustees. The Committee's role is to:

- Direct the Trust's programme of internal scrutiny.
- Ensure that risks are being addressed appropriately through internal scrutiny.
- Advise the Board on the adequacy and effectiveness of the Trust's systems of internal control and its risk management and governance processes.
- Satisfy itself that suitable arrangements are in place to promote economy, efficiency, and effectiveness (value for money).

Duties:

- To ensure the Trust has formal and transparent arrangements for conducting corporate reporting and applying internal control principles and to satisfy itself that the system of internal control has operated effectively throughout the year.
- To review and recommend to the Trust Board the annual governance statement and any accompanying statements in the annual report concerning internal control and risk management.
- To ensure that there has been a robust process in preparing the financial statements and annual report, reviewing the findings of the audit with the external auditors.
- To maintain an appropriate relationship with the external auditors and review their effectiveness.
- To consider the Trust's strategic risk register at each meeting and ensure the appropriate identification of risk within the Trust, then monitor the response of the Trust Board in prioritising the level of risk and in adopting appropriate strategies for the management of identified risk.
- To review the adequacy of governance arrangements within the Trust.
- To review the adequacy and security of the Trust's arrangements for its employees or contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.
- To receive regular reports from the Data Protection Officer which will cover any breaches of data protection.
- To review and assess the Trust's Business Continuity Plan.

The Salterns Academy Trust

Governance Statement

Governance (continued)

The Committee must:

- Agree a programme of work annually to deliver internal scrutiny that provides coverage across the year.
- Review the robustness of the Trust’s risk register processes and procedures for the identification, assessment, evaluation, management, and reporting of risks. This will inform the programme of work, ensuring checks are modified as appropriate each year.
- Agree who will perform internal scrutiny or external audit functions.
- Advise the Trust Board in relation to the appointment of the internal scrutiny and external audit services, the terms of such appointments, the scope of work to be undertaken by them and the associated fee; to monitor their performance in accordance with agreed criteria.
- Consider reports at each meeting from those carrying out the programme of work.
- Monitor, within an agreed timescale, the implementation of audit-based recommendations from whatever source.
- Consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations.
- Have access to the external auditor as well as those carrying out internal scrutiny and consider their quality.
- Ensure that the conditions of the Trust’s Funding Agreements, including compliance with the Academy Trust Handbook, are met.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
P Hayes (Chair)	3	3
A Majekodunmi	3	3
A Parry (non-Trustee Committee member)	3	3
T Henley	1	3

The Chief Executive Officer and the Chief Operating Officer attend the Audit and Risk Committee meetings to provide information and discuss relevant matters.

Specific matters considered during the year included:

- 2021-22 Audit Findings report
- 2021-22 Internal Scrutiny Report
- Data Protection reports, covering data breaches, training, and communication campaigns
- Risk Register, including the impact of economic changes and international events
- Cyber security updates
- IT strategy action plan
- Impact of Harpur vs Brazel ruling
- Indemnities
- Academy Trust Handbook 2022 – information on changes for this academic year and Action Plan to ensure continuing compliance

The Salterns Academy Trust

Governance Statement

Governance (continued)

Pay and Conditions Committee

The Pay and Conditions committee is a sub-Committee of the main Board of Trustees.

The Committee's role is to:

- Ensure a consistent approach to appraisal and benchmarking of proposed pay awards has taken place.
- To observe all statutory and contractual obligations for both teachers and support staff.
- Make recommendations to the Trust Board, where appropriate.

Duties:

- To determine Pay Policy for all staff employed by the Trust, reviewing the Policy annually.
- To review the application of the Pay Policy and monitor its impact from an equalities perspective reporting the actions to the HR Manager to facilitate any changes.
- For Teaching staff: Carry out the annual salary review process for teaching based on outcomes from the Appraisal process. The review will be carried out in the context of the Trust's management structure and its Appraisal and Pay Policies.
- For the Executive Team: Following the relevant performance management review, to agree the salary of the CEO, Director of Education and CFOO.
- For the Leadership Groups: To review annually the salary of the Leadership Group in accordance with each school's management structure and Appraisal and Pay Policies.
- To ensure the fair application of the Pay Policy, considering all Equalities legislation.

The Committee must:

- Achieve the aims of the Trust-wide pay policy in a fair and equal manner.
- Apply the criteria set by the Trust-wide pay policy in determining the pay of each member of staff at the annual review.
- Seek any appropriate information that it requires from any officer of the Trust and all officers shall be directed to co-operate with any request made.
- Receive individual academy proposals and consider the recommendations made by the headteacher of each school to determine the final pay award decisions for each academy.
- Minute clearly the reasons for all decisions and report the fact of these decisions to the next meeting of the full governing body.
- Keep abreast of relevant developments and to advise the Trust Board when the pay policy needs to be revised.
- Work with the headteachers and/or head of schools in ensuring that the governing body complies with the current Appraisal Regulations (teachers).

The Salterns Academy Trust

Governance Statement

Governance (continued)

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
A Cree (Chair)	3	3
N Hardingham	3	3
S Taviner	2	3
A Barrett	3	3

Review of Value for Money

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

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

- Use of government frameworks to deliver efficiencies in the purchase of key software.
- Obtaining multiple quotes for key purchases in line with the Finance policy
- Undertaking due diligence on key purchases.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Salterns Academy Trust for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 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 Salterns Academy Trust

Governance Statement

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees.
- Regular reviews by the Trust Board 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.
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an auditor for this purpose but instead to buy-in an internal audit review from an expert practitioner for specific foci, or to have a peer review, as appropriate.

Each reviewer's role includes giving advice and performing a range of checks on the Trust's financial and other systems. In particular, the Audit and Risk Committee identified the following topics for review in the current period:

- Cyber security review
- Educational attainment
- Governance review by NGA

On a termly basis, reports are presented to the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations, and conclusions to help the committee consider actions and assess year on year progress.

Internal scrutiny and reviews are also commissioned by the schools in the Trust in relation to the operations of the school. Therefore, there is a significant body of internal scrutiny each year, which is summarised in the Internal Scrutiny Report. Each review highlights strengths and good practice and includes suggestion and recommendations for consideration. All suggestions and recommendations are carefully considered, and feed into the continuing school and Trust improvement work.

The Audit and Risk Committee receive the annual Internal Scrutiny Report as part of their work.

The Salterns Academy Trust

Governance Statement

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer 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 any internal reviewer
- The work of the external auditor
- The school resource management self-assessment tool
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 6 December 2023 and signed on its behalf by:

A M Cree

A Cree
Chair of Trustees

Nys Hardingham

N Hardingham
Accounting Officer

The Salterns Academy Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of The Salterns Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2022.

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.

Nys Hardingham

N Hardingham
Accounting Officer
6 December 2023

The Salterns Academy Trust

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 2022 to 2023
- 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 6 December 2023 and signed on its behalf by:

A M Cree

A Cree
Chair of Trustees

The Salterns Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Salterns Academy Trust

Opinion

We have audited the financial statements of The Salterns Academy Trust ('the charitable company') for the year ended 31 August 2023 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, 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 2022 to 2023 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2022 to 2023.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

The Salterns Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Salterns Academy Trust

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

The Salterns Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Salterns Academy Trust

Responsibilities of the Trustees

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

Our 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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Academy Trust, and the sector in which it operates. These include but are not limited to compliance with the Companies Act 2006, 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, the Academy Trust Handbook 2022, and the Academies Accounts Direction 2022 to 2023.
- We obtained an understanding of how the Academy Trust is complying with these frameworks through discussions with management.

The Salterns Academy Trust

Independent Auditor’s Report on the Financial Statements to the Members of The Salterns Academy Trust

- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the Academy Trust’s financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team’s knowledge and understanding of the sector in which the Academy Trust operates in, and their practical experience through training and participation with audit engagements of a similar nature.

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 Independent Auditor’s Report.

Use of our report

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

Michaela Johns

M Johns FCCA (Senior statutory auditor)
For and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

13 Dec 2023
Date

The Salterns Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Salterns Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Salterns Academy Trust during the period 1 September 2022 to 31 August 2023 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 Salterns Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Salterns Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the The Salterns Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Salterns Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Salterns Academy Trust's funding agreement with the Secretary of State for Education dated 23 March 2015 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

The Salterns Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Salterns Academy Trust and the Education & Skills Funding Agency

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academy Trust Handbook (effective from 1 September 2022) (ATH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the ATH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the ATH.
- Review of any 'minded to' letters or Notices to Improve which have been issued to the Academy Trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the ATH.
- Review of governance arrangements to determine whether the requirements of the ATH have been met.
- Review of the Academy Trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the Academy Trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

The Salterns Academy Trust

Independent Reporting Accountant’s Assurance Report on Regularity to The Salterns Academy Trust and the Education & Skills Funding Agency

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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Michaela Johns

M Johns FCCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

13 Dec 2023

Date

The Salterns Academy Trust

Statement of Financial Activities for the year ended 31 August 2023 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2022/23 Total £	2021/22 Total £
Income and endowments from:							
Donations and capital grants	2	-	7,364	-	132,009	139,373	104,970
Other trading activities	4	134,298	-	-	-	134,298	103,038
Investments	5	294	-	-	-	294	311
Charitable activities:							
Funding for the academy trust's educational operations	3	-	15,346,402	-	-	15,346,402	14,045,263
Total		134,592	15,353,766	-	132,009	15,620,367	14,253,582
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	14,999,824	199,000	1,013,893	16,212,717	14,805,863
Net income / (expenditure)		134,592	353,942	(199,000)	(881,884)	(592,350)	(552,281)
Transfers between funds	16	-	(870,247)	-	870,247	-	-
Other recognised gains / (losses):							
Actuarial gains on defined benefit pension schemes	26	-	-	824,000	-	824,000	5,000,000
Net movement in funds		134,592	(516,305)	625,000	(11,637)	231,650	4,447,719
Reconciliation of funds							
Total funds brought forward		647,999	1,035,595	(764,000)	25,391,097	26,310,691	21,862,972
Total funds carried forward		782,591	519,290	(139,000)	25,379,460	26,542,341	26,310,691

The notes on pages 43 to 66 form part of these financial statements.

The Salterns Academy Trust

Balance Sheet as at 31 August 2023

Company Number 08921490

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	12		25,309,659		25,391,097
Current assets					
Debtors	13	384,067		514,517	
Cash at bank and in hand		<u>1,901,747</u>		<u>2,455,227</u>	
		2,285,814		2,969,744	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(881,854)</u>		<u>(1,221,845)</u>	
Net current assets			<u>1,403,960</u>		<u>1,747,899</u>
Total assets less current liabilities			26,713,619		27,138,996
Creditors:					
Amounts falling due after more than one year	15		<u>(32,278)</u>		<u>(64,305)</u>
Net assets excluding pension liability			26,681,341		27,074,691
Defined benefit pension scheme liability	26		(139,000)		(764,000)
Total net assets			<u>26,542,341</u>		<u>26,310,691</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	25,379,460		25,391,097	
Restricted income fund	16	519,290		1,035,595	
Pension reserve	16	<u>(139,000)</u>		<u>(764,000)</u>	
Total restricted funds			25,759,750		25,662,692
Unrestricted income funds	16		782,591		647,999
Total funds			<u>26,542,341</u>		<u>26,310,691</u>

The financial statements on pages 40 to 66 were approved by the Trustees and authorised for issue on 6 December 2023 and are signed on their behalf by:

A M Cree

A Cree

Chair of Trustees

The notes on pages 43 to 66 form part of these financial statements.

The Salterns Academy Trust

Statement of Cash Flows for the year ended 31 August 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	278,699	2,148,763
Cash flows from financing activities	21	(32,027)	(32,028)
Cash flows from investing activities	22	(800,152)	(1,642,672)
Change in cash and cash equivalents in the reporting period		<u>(553,480)</u>	<u>474,063</u>
Cash and cash equivalents at 1 September 2022		2,455,227	1,981,164
Cash and cash equivalents at 31 August 2023	23	<u>1,901,747</u>	<u>2,455,227</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

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 Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and are rounded to the nearest £1.

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 Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

- 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.

- 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Income (continued)

- Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

- 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'.

- Donated fixed assets (excluding Transfers on conversion/into the Academy 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 appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy 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.

- Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Tangible Fixed Assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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.

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

Freehold Land and Buildings	2%-10% straight line on buildings; not provided on land
Leasehold Land and Buildings	2%-10% straight line on buildings; not provided on land
Furniture and Equipment	20% straight line
Computer Equipment	20% straight line

No depreciation has been provided on long leasehold land as it is similar to freehold land, which does not require depreciation.

Where the Academy Trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the Academy Trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the Academy Trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Provisions

Provisions are recognised when the Academy 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.

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

Taxation

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

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated 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 based on 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 Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income/(expenditure) 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 Academy Trust at the discretion of the Trustees.

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

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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.

The assumptions used are disclosed in note 26.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2022/23 Total	2021/22 Total
	£	£	£	£
Capital grants	-	132,009	132,009	60,797
Donated fixed assets	-	-	-	38,169
Other donations	-	7,364	7,364	6,004
	-	139,373	139,373	104,970
<i>Total 2022</i>	-	<i>104,970</i>	<i>104,970</i>	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2022/23 Total £	2021/22 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	12,244,390	12,244,390	11,554,190
Pupil Premium	-	641,153	641,153	591,195
Rates reclaim	-	59,392	59,392	63,571
Other DfE grants	-	896,829	896,829	265,685
	-	13,841,764	13,841,764	12,474,641
Other government grants				
Local authority grants	-	571,763	571,763	611,445
Other government grants	-	1,295	1,295	31,747
	-	573,058	573,058	643,192
COVID-19 additional funding (non-DfE/ESFA)				
Other Coronavirus funding	-	-	-	34,670
Other income from the Academy Trust's educational operations				
Trip income	-	315,519	315,519	225,017
Catering income	-	205,456	205,456	171,181
Other income	-	410,605	410,605	496,562
	-	931,580	931,580	892,760
	-	15,346,402	15,346,402	14,045,263
<i>Total 2022</i>	-	14,045,263	14,045,263	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2022/23 Total £	2021/22 Total £
Hire of facilities	134,298	-	134,298	103,038
<i>Total 2022</i>	103,038	-	103,038	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

5 Investment income

	Unrestricted funds	Restricted funds	2022/23 Total	2021/22 Total
	£	£	£	£
Short term deposits	294	-	294	311
<i>Total 2022</i>	<i>311</i>	<i>-</i>	<i>311</i>	

6 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2022/23	2021/22
	£	£	£	£	£
Academy's educational operations:					
Direct costs	9,984,191	-	1,228,303	11,212,494	9,877,313
Allocated support costs	1,686,908	1,113,468	2,199,847	5,000,223	4,928,550
	<u>11,671,099</u>	<u>1,113,468</u>	<u>3,428,150</u>	<u>16,212,717</u>	<u>14,805,863</u>
<i>Total 2022</i>	<i>11,281,513</i>	<i>847,755</i>	<i>2,676,595</i>	<i>14,805,863</i>	

Net income/(expenditure) for the period includes:

	2022/23	2021/22
	£	£
Operating lease rentals	67,621	37,389
Depreciation	828,898	697,700
(Gain)/loss on disposal of fixed assets	184,995	125,664
Fees payable to auditor for:		
Audit	12,265	11,200
Other services	8,210	8,300

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

7 Charitable activities

	2022/23	2021/22
	Total	Total
	£	£
Direct costs – educational operations	11,212,494	9,877,313
Support costs – educational operations	5,000,223	4,928,550
	<u>16,212,717</u>	<u>14,805,863</u>

Analysis of support costs:

	Educational operations	2022/23	2021/22
		Total	Total
	£	£	£
Support staff costs	1,686,908	1,686,908	2,267,969
Depreciation	828,898	828,898	697,700
Technology costs	240,428	240,428	277,921
Premises costs	1,113,468	1,113,468	847,755
Legal costs - other	30,871	30,871	11,591
Other support costs	1,077,935	1,077,935	803,356
Governance costs	21,715	21,715	22,258
Total support costs	<u>5,000,223</u>	<u>5,000,223</u>	<u>4,928,550</u>
<i>Total 2022</i>		<u>4,928,550</u>	<u>4,928,550</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

8 Staff

a) Staff costs

Staff costs during the period were:

	2022/23	2021/22
	£	£
Wages and salaries	8,771,432	7,955,133
Social security costs	892,949	815,562
Pension costs	1,972,618	2,510,818
	<u>11,636,999</u>	<u>11,281,513</u>
Agency staff costs	34,100	-
	<u>11,671,099</u>	<u>11,281,513</u>

b) Staff numbers

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

	2022/23	2021/22
	No.	No.
Teachers	123	121
Administration and support	146	149
Management	14	13
	<u>283</u>	<u>283</u>

c) Higher paid staff

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

	2022/23	2021/22
	No.	No.
£60,001 - £70,000	4	6
£70,001 - £80,000	3	2
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£100,001 - £110,000	1	1
£110,001 - £120,000	-	1

d) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. 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 Academy Trust was £1,229,054 (2022: £1,262,828).

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

9 Related Party Transactions – Trustees’ remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of Trustees’ remuneration and other benefits was as follows:

		2022/23	2021/22
		£000	£000
N Hardingham (Staff trustee)	Remuneration	95-100	110-115
	Employer’s pension contributions paid	20-25	25-30
C Copeland (Staff trustee to 28 April 2022)	Remuneration	-	65-70
	Employer’s pension contributions paid	-	15-20

During the period ended 31 August 2023, travel expenses totalling £682 were reimbursed or paid directly to two Trustees (2022: £1,768 to one Trustee).

10 Trustees’ and officers’ insurance

The Academy 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 business, and provides cover up to £10m. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Central Services

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

- Human resources
- Finance
- Governance

The academy trust charges for these services on a flat percentage of income - 2.1% (2022: 4.4%). The actual amounts charged during the year were as follows:

	2022/23	2021/22
	£	£
Admiral Lord Nelson School	136,178	269,757
Trafalgar School	127,886	231,963
	<u>264,064</u>	<u>501,720</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

12 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost					
At 1 September 2022	12,714,921	15,180,532	582,584	839,882	29,317,919
Acquisitions	438,657	195,275	225,773	72,750	932,455
Disposals	(209,860)	(10,373)	-	-	(220,233)
At 31 August 2023	<u>12,943,718</u>	<u>15,365,434</u>	<u>808,357</u>	<u>912,632</u>	<u>30,030,141</u>
Depreciation					
At 1 September 2022	1,253,543	2,046,872	236,587	389,820	3,926,822
Charged in year	267,951	322,534	106,894	131,519	828,898
Disposals	(33,578)	(1,660)	-	-	(35,238)
At 31 August 2023	<u>1,487,916</u>	<u>2,367,746</u>	<u>343,481</u>	<u>521,339</u>	<u>4,720,482</u>
Net book values					
At 31 August 2022	11,461,378	13,133,660	345,997	450,062	25,391,097
At 31 August 2023	<u>11,455,802</u>	<u>12,997,688</u>	<u>464,876</u>	<u>391,293</u>	<u>25,309,659</u>

Land and buildings disposals relate to the cost and accumulated depreciation of assets which were replaced during the year.

13 Debtors

	2022/23 £	2021/22 £
Trade debtors	4,745	25,940
VAT recoverable	80,061	139,136
Other debtors	-	11,096
Prepayments and accrued income	299,261	338,345
	<u>384,067</u>	<u>514,517</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

14 Creditors: amounts falling due within one year

	2022/23	2021/22
	£	£
Trade creditors	454,547	613,800
Other taxation and social security	-	1,263
Loans falling due within one year	32,027	32,027
Other creditors falling due within one year	28,833	106,860
Accruals and deferred income	366,447	467,895
	<u>881,854</u>	<u>1,221,845</u>

	2022/23	2021/22
	£	£
Deferred income at 1 September 2022	225,444	840,754
Released from previous years	(225,444)	(840,754)
Resources deferred in the year	198,275	225,444
Deferred income at 31 August 2023	<u>198,275</u>	<u>225,444</u>

At the balance sheet date the academy trust was holding funds received in advance for trip and grant income relating to the forthcoming financial year.

Loans falling due within one year comprises interest free Salix energy efficiency loans which are repayable in instalments between March 2018 and September 2024.

15 Creditors: amounts falling due in greater than one year

	2022/23	2021/22
	£	£
Loans falling due in greater than one year	<u>32,278</u>	<u>64,305</u>

Loans falling due in greater than one year comprises interest free Salix energy efficiency loans which are repayable in instalments between March 2018 and September 2024.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

16 Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2023 £
Restricted general funds						
General Annual Grant (GAG)	1,035,595	12,244,390	(11,890,448)	(870,247)	-	519,290
Pupil premium	-	641,153	(641,153)	-	-	-
Rates reclaim	-	59,392	(59,392)	-	-	-
Other DfE grants	-	896,829	(896,829)	-	-	-
Local authority grants	-	571,763	(571,763)	-	-	-
Other government grants	-	1,295	(1,295)	-	-	-
Other educational activities	-	938,944	(938,944)	-	-	-
	1,035,595	15,353,766	(14,999,824)	(870,247)	-	519,290
Pension reserve	(764,000)	-	(199,000)	-	824,000	(139,000)
	271,595	15,353,766	(15,198,824)	(870,247)	824,000	380,290
Restricted fixed asset funds						
Fixed asset fund	25,391,097	-	(1,013,893)	932,455	-	25,309,659
ESFA capital grants (DFC)	-	42,029	-	(42,029)	-	-
Other capital grants	-	89,980	-	(20,179)	-	69,801
	25,391,097	132,009	(1,013,893)	870,247	-	25,379,460
Total restricted funds	25,662,692	15,485,775	(16,212,717)	-	824,000	25,759,750
Total unrestricted funds	647,999	134,592	-	-	-	782,591
Total funds	26,310,691	15,620,367	(16,212,717)	-	824,000	26,542,341

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

16 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the Academy Trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on capital improvements.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

16 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2022/23	2021/22
	£	£
Admiral Lord Nelson School	925,363	824,859
Trafalgar School	447,534	681,288
Central services	(71,016)	177,447
Total before fixed assets and pension reserve	<u>1,301,881</u>	<u>1,683,594</u>
Restricted fixed asset fund	25,379,460	25,391,097
Pension reserve	(139,000)	(764,000)
Total	<u>26,542,341</u>	<u>26,310,691</u>

Central services is carrying a net deficit on its portion of the funds as follows:

	£
Central services	<u>71,016</u>

The Trust has incurred costs in respect of the possible conversion of a local school into the trust. The Trust expects that the deficit will be covered by an additional grant of £150,000 for this purpose, which is expected to be received in the forthcoming financial year.

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excl. dep- reciation) £	2022/23 Total £	2021/22 Total £
Admiral Lord Nelson School	5,256,134	1,046,505	639,565	1,235,382	8,177,586	7,617,759
Trafalgar School	4,728,057	640,403	588,738	1,249,035	7,206,233	6,490,404
	<u>9,984,191</u>	<u>1,686,908</u>	<u>1,228,303</u>	<u>2,484,417</u>	<u>15,383,819</u>	<u>14,108,163</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

16 Funds (continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2022 £
Restricted general funds						
General Annual Grant (GAG)	1,384,896	11,554,190	(10,471,653)	(1,431,838)	-	1,035,595
Pupil premium	-	591,195	(591,195)	-	-	-
Rates reclaim	-	63,571	(63,571)	-	-	-
Other DfE grants	-	265,685	(265,685)	-	-	-
Local authority grants	-	611,445	(611,445)	-	-	-
Other government grants	-	31,747	(31,747)	-	-	-
Catch-up premium	117,769	-	(117,769)	-	-	-
Other Coronavirus funding	-	34,670	(34,670)	-	-	-
Other educational activities	-	898,764	(898,764)	-	-	-
	<u>1,502,665</u>	<u>14,051,267</u>	<u>(13,086,499)</u>	<u>(1,431,838)</u>	<u>-</u>	<u>1,035,595</u>
Pension reserve	(4,868,000)	-	(896,000)	-	5,000,000	(764,000)
	<u>(3,365,335)</u>	<u>14,051,267</u>	<u>(13,982,499)</u>	<u>(1,431,838)</u>	<u>5,000,000</u>	<u>271,595</u>
Restricted fixed asset funds						
Fixed asset fund	24,472,512	-	(823,364)	1,741,949	-	25,391,097
ESFA capital grants (DFC)	-	40,797	-	(40,797)	-	-
Other capital grants	211,145	20,000	-	(231,145)	-	-
Donated fixed assets	-	38,169	-	(38,169)	-	-
	<u>24,683,657</u>	<u>98,966</u>	<u>(823,364)</u>	<u>1,431,838</u>	<u>-</u>	<u>25,391,097</u>
Total restricted funds	<u>21,318,322</u>	<u>14,150,233</u>	<u>(14,805,863)</u>	<u>-</u>	<u>5,000,000</u>	<u>25,662,692</u>
Total unrestricted funds	<u>544,650</u>	<u>103,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,999</u>
Total funds	<u>21,862,972</u>	<u>14,253,582</u>	<u>(14,805,863)</u>	<u>-</u>	<u>5,000,000</u>	<u>26,310,691</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

17 Analysis of net assets between funds

	Un- restricted funds £	Restricted general funds £	Restricted pension funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	25,309,659	25,309,659
Current assets	782,591	1,433,422	-	69,801	2,285,814
Current liabilities	-	(881,854)	-	-	(881,854)
Non-current liabilities	-	(32,278)	-	-	(32,278)
Pension scheme liability	-	-	(139,000)	-	(139,000)
Total net assets	782,591	519,290	(139,000)	25,379,460	26,542,341

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

	Un- restricted funds £	Restricted general funds £	Restricted pension funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	25,391,097	25,391,097
Current assets	647,999	2,321,745	-	-	2,969,744
Current liabilities	-	(1,221,845)	-	-	(1,221,845)
Non-current liabilities	-	(64,305)	-	-	(64,305)
Pension scheme liability	-	-	(764,000)	-	(764,000)
Total net assets	647,999	1,035,595	(764,000)	25,391,097	26,310,691

18 Capital commitments

	2022/23 £	2021/22 £
Contracted for, but not provided in the financial statements	-	80,027

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

19 Long-term commitments, including operating leases

Operating leases

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2022/23	2021/22
	£	£
Amounts due within one year	74,240	48,722
Amounts due between one and five years	122,790	124,356
Amounts due after five years	15	-
	<u>197,045</u>	<u>173,078</u>

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

	2022/23	2021/22
	£	£
Net expenditure for the reporting period	(592,350)	(552,281)
Adjusted for:		
Depreciation	828,898	697,700
(Gain)/loss on disposal of fixed assets	184,995	125,664
Capital grants from DfE and other capital income	(132,009)	(98,966)
Interest receivable	(294)	(311)
Defined benefit pension scheme cost less contributions payable	164,000	817,000
Defined benefit pension scheme finance cost	35,000	79,000
Decrease in debtors	130,450	1,244,871
Decrease in creditors	(339,991)	(163,914)
Net cash provided by Operating Activities	<u>278,699</u>	<u>2,148,763</u>

21 Cash flows from financing activities

	2022/23	2021/22
	£	£
Repayments of borrowing	(32,027)	(32,028)
Net cash used in financing activities	<u>(32,027)</u>	<u>(32,028)</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

22 Cash flows from investing activities

	2022/23	2021/22
	£	£
Dividends, interest and rents from investments	294	311
Purchase of tangible fixed assets	(932,455)	(1,703,780)
Capital grants from DfE Group	42,029	40,797
Capital funding received from sponsors and others	89,980	20,000
Net cash used in investing activities	<u>(800,152)</u>	<u>(1,642,672)</u>

23 Analysis of cash and cash equivalents

	2022/23	2021/22
	£	£
Cash at bank and in hand	<u>1,901,747</u>	<u>2,455,227</u>

24 Analysis of changes in net debt

	At 1 September 2022	Cash flows	Acquisition/ disposal of subsidiaries	New finance leases	Other non-cash changes	At 31 August 2023
	£	£	£	£	£	£
Cash	2,455,227	(553,480)	-	-	-	1,901,747
Loans falling due within one year	(32,027)	-	-	-	-	(32,027)
Loans falling due after more than one year	(64,305)	32,027	-	-	-	(32,278)
Total	<u>2,358,895</u>	<u>(521,453)</u>	-	-	-	<u>1,837,442</u>

25 Member 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.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

26 Pension and similar obligations

The Academy 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 Hampshire 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 2022.

Contributions amounting to £50 were payable to the schemes at 31 August 2023 (2022: £47,913) 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 Scheme 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 four 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 31 March 2016 TPS actuarial valuation results were implemented from 1 September 2019. The key elements of the valuation and subsequent consultation were:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- 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 million.
- 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. The 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 latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The revised employer contribution rate, arising from this valuation, is due to be implemented from 1 April 2024.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

26 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £1,307,036 (2022: £1,254,778).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was as follows:

	2023	2022
	£	£
Employer's contributions	504,000	407,000
Employees' contributions	162,000	127,000
	<u>666,000</u>	<u>534,000</u>

The agreed contribution rates for future years are 17.9% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

	2023	2022
Rate of increase in salaries	4.0%	3.7%
Rate of increase for pensions in payment/inflation	3.0%	2.7%
Discount rate for scheme liabilities	5.2%	4.1%
Inflation assumption (CPI)	3.0%	2.7%
Commutation of pensions to lump sums	<u>70.0%</u>	<u>70.0%</u>

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

	2023	2022
<i>Retiring today</i>		
Males	22.1	22.9
Females	<u>24.7</u>	<u>25.4</u>
<i>Retiring in 20 years</i>		
Males	22.6	24.7
Females	<u>25.7</u>	<u>27.1</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

26 Pension and similar obligations (continued)

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2023	2022
	£	£
Discount rate +0.1%	(158,000)	(184,000)
Discount rate -0.1%	158,000	184,000
Mortality assumption – 1 year increase	309,000	213,000
Mortality assumption – 1 year decrease	(309,000)	(213,000)
CPI rate +0.1%	153,000	160,000
CPI rate -0.1%	(153,000)	(157,000)

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

	2023	2022
	£	£
Equities	4,469,000	4,116,000
Gilts	2,424,000	1,080,000
Property	455,000	554,000
Cash and other liquid assets	227,000	64,000
Other	-	1,294,000
Total market value of assets	<u>7,575,000</u>	<u>7,108,000</u>

The actual return on scheme assets was a gain of £11,000 (2022: a loss of £520,000).

Amount recognised in the Statement of Financial Activities

	2022/23	2021/22
	£	£
Current service cost	668,000	1,224,000
Interest income	(300,000)	(127,000)
Interest cost	335,000	206,000
Total amount recognised in the SOFA	<u>703,000</u>	<u>1,303,000</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2023

26 Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations were as follows:

	2022/23	2021/22
	£	£
At 1 September	7,872,000	12,205,000
Current service cost	668,000	1,224,000
Interest cost	335,000	206,000
Employee contributions	162,000	127,000
Actuarial gain	(1,113,000)	(5,647,000)
Benefits paid	(210,000)	(243,000)
At 31 August	<u>7,714,000</u>	<u>7,872,000</u>

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

	2022/23	2021/22
	£	£
At 1 September	7,108,000	7,337,000
Interest income	300,000	127,000
Actuarial loss	(289,000)	(647,000)
Employer contributions	504,000	407,000
Employee contributions	162,000	127,000
Benefits paid	(210,000)	(243,000)
At 31 August	<u>7,575,000</u>	<u>7,108,000</u>

27 Related party transactions

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 9.