

The Salterns Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
08921490 (England and Wales)

The Salterns Academy Trust

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	16
Statement on Regularity, Propriety and Compliance	23
Statement of Trustees' Responsibilities	24
Independent Auditor's Report on the Financial Statements	25
Independent Reporting Accountant's Report on Regularity	28
Statement of Financial Activities incorporating Income & Expenditure Account	31
Balance Sheet	32
Statement of Cash Flows	33
Notes to the Financial Statements	34

The Salterns Academy Trust

Reference and Administrative Details

Members:

D Giles
M Park
S Taviner

Trustees:

A Barrett
J Bennett (appointed 1 November 2019)
C Copeland
A Cree
F Drummond (resigned 25 November 2019)
N Hardingham
P Hayes
S Labeledz
T Osborne
M Phillips (resigned 31 March 2020)

Senior Management Team:

S Labeledz	Executive Head Teacher
R Young	HR Director (to 15 September 2019)
C Corcoran	Chief Financial and Operating Officer (from 1 June 2020)

Admiral Lord Nelson School

N Hardingham	Head Teacher
C Doherty	Deputy Head Teacher
M Hutton	Deputy Head Teacher
S Fenner	Assistant Head Teacher
D Wise	Assistant Head Teacher
K Holness	Assistant Head Teacher

Trafalgar School

C Copeland	Head Teacher
G Pearse	Deputy Head Teacher
A Ghose	Assistant Head Teacher
A Raeburn	Assistant Head Teacher
M Cathie	Assistant Head Teacher
L Clark	Assistant Head Teacher

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

38 London Road

North End

Portsmouth

PO2 0LR

Solicitors

Stone King LLP

91 Charterhouse Street

London

EC10 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 2020. 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 2000 growing over time to 2310 and had a roll of 1851 in the school census of October 2019.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Salterns Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Salterns Academy Trust.

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

Method of Recruitment and Appointment or Election of Trustees

The academy trust's articles and funding agreement detail that the board membership comprises the following:

- The Chief Executive Officer (CEO)
- Up to seven directors appointed by the trust members. The members entitled to make such appointments in the period are as detailed on page 1 of this report.
- Up to three co-opted directors appointed by the other directors excluding the other co-opted directors. The directors entitled to make such appointments in the period are as detailed on page 1 of this report.
- The trust chooses not to appoint any parent directors as there are a minimum of two parent governors on each school's Local Governing Body (LGB)

The Salterns Academy Trust

Trustees' Report

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

The trust has chosen to appoint the seven director appointee positions using the following criteria:

- Two Headteachers (HT) from schools within the MAT.
- Two Chairs of Governors from schools within the MAT (if either of these individuals also qualifies under another criterion the trust appointed directors shall select another governor from the appropriate LGB).
- Three independent directors.

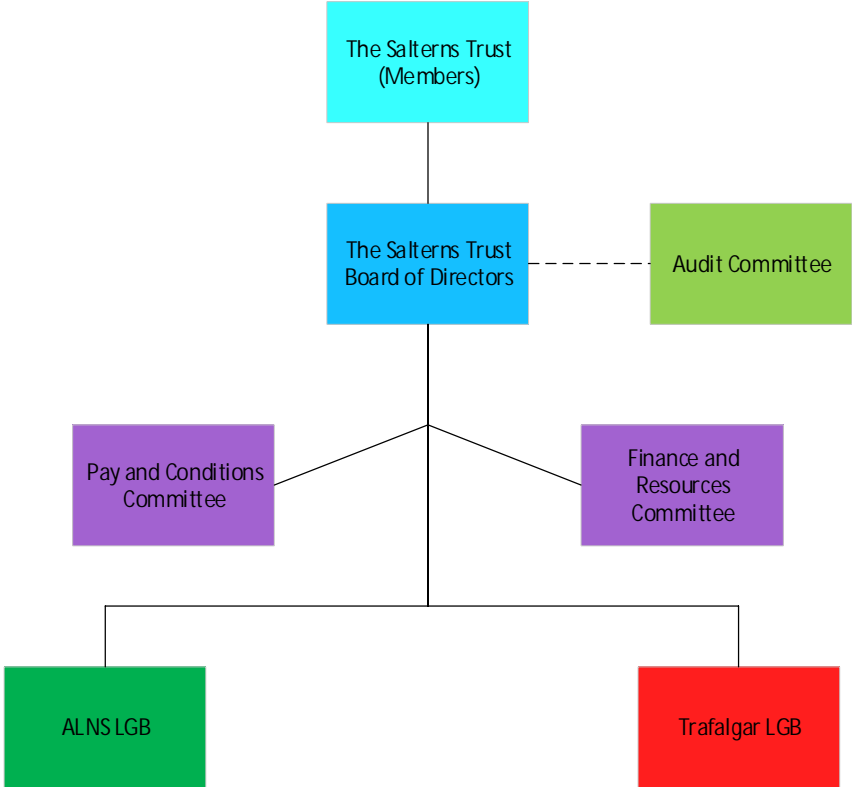
Through its independent directors and co-opted directors the trust works to maintain a balance of professional and local community input to the trust board.

The trust process for managing appointees ensures that trust employees comprise less than 33.3% of the total membership. Term of office for directors is four years, with the exception of the CEO and HT appointments, whose roles as directors will cease when they leave their position. Additionally, chair of LGB directors are appointed on an ex-officio basis so their role as a director of the trust will cease if they no longer chair a school LGB.

Policies and Procedures Adopted for the Induction and Training of Trustees

All trustee appointments will bring a particular skill set to the board and trustees will commit to on-going training and development in the role. The trust will foster links with other governor associations, being active members of the National Governors Association (NGA) and having links to Hampshire and Portsmouth's governor information services to ensure trustees are well informed and up to date.

Organisational Structure



The Salterns Academy Trust

Trustees' Report

Organisational Structure (continued)

Trust purposes

- To agree the company accounts
- To undertake all legal requirements
- To develop and deliver the detailed strategy for the trust
- To manage all statutory policy requirements for the trust
- To develop trust finance policies, approving and monitoring school and trust budgets in accordance with the policy
- To develop trust curriculum policies and to monitor school deployment of the policies
- To review school improvement plans on a periodic basis
- To be accountable for ensuring that all students in both schools achieve the best possible outcomes
- Foster working relationships with partner schools and other organisations
- To be the responsible body for the CEO who is also the accounting officer

The trust delegates the following to each school's LGB:

- Deployment of Salterns Academy Trust policies and statutory requirements
- Management of delegated policies
- Managing delegation of responsibilities of Leadership and Management to the HTs, Senior Leadership Teams (SLT) and other individuals as detailed in the trust's Scheme of Delegation documents
- Monitoring and overseeing the quality of Education; Behaviour and Attitudes; Personal development and well-being;
- Developing and submitting an annual budget to the trust board for approval
- Management of the school within the agreed budget; monitoring the budget and reporting variations to the board accordingly
- Support The Salterns Academy Trust in meeting Department for Education (DfE) and Education and Skills Funding Agency (ESFA) reporting and other requirements
- Maintenance of the school vision and ethos in line with The Salterns Academy Trust vision and ethos
- Agreeing overall school objectives including the School Improvement Plans
- Overview of all improvement activities
- Specifically monitor the well-being and achievement of disadvantaged students and those with special educational needs (SEND)

The level of delegation to each LGB is determined by the maturity of each school LGB and whether the school is rated as good or better by an external agency. This is continuously reviewed and varied as appropriate. Both schools are currently rated 'Good'.

The Salterns Academy Trust

Trustees' Report

Arrangements for setting pay and remuneration of key management personnel

The trust board has established a pay and conditions committee which makes recommendations to the board on all aspects of pay for staff, including the pay ranges, pay scales and the proposals for any performance related pay as a result of successful appraisals. This process includes the setting of pay for the CEO, both HTs and all other key management personnel, all of which needs to be approved by the board.

Challenge is brought to the appraisal process for the CEO and HT's by using external consultants.

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%	-
1%-50%	4
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1,937
Total pay bill	£9.1m
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	-
---	---

Related Parties and other Connected Charities and Organisations

The Salterns Academy Trust is the educational provider for University Technical College (UTC) Portsmouth. It holds a place as a Member of the UTC Trust and the CEO sits on The UTC board of trustees.

The trust at this time 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.

The Salterns Academy Trust

Trustees' Report

Engagement with employees (including disabled persons)

The academy trust pursues an employment policy of equal opportunity and strives to follow best practice in recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability, or religious or political beliefs.

The academy trust gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the academy trust's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

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

The academy trust is committed to effective engagement of all stakeholders, including students, parents, staff, the local community and suppliers.

The academy trust is committed to ensuring that all students have the opportunity to 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 academy trust.

In all engagements with stakeholders, we seek to adhere to the values of the Trust.

Objectives and Activities

Objects and Aims

Salterns Academy Trust wishes to provide an excellent education for all children and young people in each school within the trust, remaining centred in the heart of its community. We will achieve this by:

- Keeping children and young people at the heart of everything we do
- Supporting and challenging each school in the trust on its journey towards excellence in a culture of praise, collaboration, partnership and strong governance
- Ensuring that each school has the highest expectations of its students and staff and supports all of them to reach their potential
- Being accountable for achieving the highest standards for all our students, irrespective of background or challenge
- Recognising the individual needs of each learner, being a truly inclusive trust and providing pathways to success for all students
- Fostering an ethos of continuous improvement in each school in the trust

The Salterns Academy Trust

Trustees' Report

Objectives, Strategies and Activities

In the time frame of this report, the Trust's main objectives were to support the improvements taking place in both schools, while continuing to develop the infrastructure and core function to perform successfully as a Multi-Academy Trust within the geographical context of Portsmouth.

Key Strategies:

- Determine and commission the level and nature of support needed to ensure rapid school improvement in one of three medium-term futures:
 - a) Stay unchanged as Salterns Academy Trust with two schools;
 - b) Joining UPAT
 - c) Seeking a service level agreement for school improvement with an external partner.
- Actively support teachers, leaders and support staff to be the best they can be.
- Have a rolling programme of developing its sites to provide a safe, stimulating environment for an increasing number of students.
- Ensure it has the finances and resources to be sustainable while growing its student numbers
- Ensure that school improvement is happening as effectively as possible in both of its schools through the four key themes of teaching, leadership, curriculum and collaboration
- Be recognised and celebrated for its strong, student-centred ethos; being truly inclusive and aspirational and ensuring that all its students make excellent progress.

The Trust's activities are all focused on improving the life chances of the young people within our care. Educational achievement in Portsmouth in general lags behind national averages for 16 year olds, with a consequent impact on future education and employment prospects and their opportunities to be productive, responsible and fulfilled citizens.

Salterns Trust schools look to challenge this trend with a considerable record of success. Achievement and progress is above average, very few students become "NEET" and numbers well above the Portsmouth average go on to University and pursue commensurate careers. The trust's activities are geared to providing the appropriate and rigorous support and challenge for both schools to continue to improve and to offer as many opportunities as possible for our students to reach their potential. Both schools are currently graded "Good" by Ofsted. A pilot inspection under the new Ofsted framework at ALNS in spring 2019 suggested that this judgement could be upgraded at the next inspection.

Public Benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general 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 local residents to receive an excellent education. This in turn will open doors for them to reach their full potential, thereby benefiting themselves and the wider Portsmouth community. By deliberately growing the capacity at both schools, we can reach a greater number of youngsters.

The Salterns Academy Trust

Trustees' Report

Strategic Report

Achievements and Performance

This year has been the most challenging and difficult time in which to ensure that our students receive the quality of education they deserve. The Covid-19 pandemic caused the vast majority of our students to have no physical access to school from mid-March until the end of the year.

However, the Trust and its schools worked hard to keep our principles and objectives on course despite the unparalleled set of circumstances in which we were operating.

Notably:

- We remained open at all times for the children of key workers and for our most vulnerable students welcoming back Year 10 students when possible;
- We invested heavily in ICT hardware and infrastructure to facilitate remote access to the curriculum and took full advantage of this with our students, whose virtual attendance was well in advance of the national picture;
- We increased our pastoral care offer to include contacting every student and their family at least once a week during the lockdown
- We extensively trained staff in developing on-line learning;
- We completed the £4.6m new suite of classrooms at Admiral Lord Nelson School (ALNS) to allow the school expansion to go ahead;
- We invested more capital money in improving the facilities and structures of both schools;
- We submitted rigorously moderated Centre Assessed Grades for our Year 11 students and Ofqual's algorithm system returned improved grades to the schools (headline details below) These were strong for ALNS and easily the best for Trafalgar School (TS) since the Trust re-opened it;
- Recruitment to both schools remained very strong;
- The trust has negotiated a new partnership with GLF Schools to provide high quality school improvement support for the next academic year;
- In a very tight financial climate and with additional Covid-19 related costs, the trust has managed to ensure that both school ran successfully within forecast budget;
- Continue funding by the ESFA of TS on actual student numbers has allowed its successful rapid growth to continue;
- The recruitment of a very experience Chief Financial Officer has already led to greater efficiencies and better performance by the Trust

Financial performance

As detailed elsewhere, the trust completed the year with a positive balance despite additional expenditure to meet the challenge of the Covid-19 pandemic. The trust has always applied sound financially-led curriculum planning principles which allows the efficient and effective delivery of the best curriculum to meet the needs of our students.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

This year, the trust has had to be adaptable and agile, incorporating a different set of priorities as most learning has had to switch on-line. However, the trust has acted with speed and purpose to ensure that it is spending its money to have the greatest impact in the unusual situation we all find ourselves in.

The Government's decision to continue fully funding schools during lockdown has ensured financial stability meant there has been no need for drastic reviews of staffing.

However, the loss of lettings and catering income has been felt.

The ESFA's decision to continue funding Trafalgar School on actual numbers rather than by the normal lagged funding mechanism has enabled the trust to manage cash flow well and to build the reserves which have now been invested in ICT infrastructure, technology and other responses to the changes that the pandemic has enforced upon us.

Key Performance Indicators (Provisional Data)

KPI	National Figure (2019)	ALNS 2020	ALNS 2019	Trafalgar 2020	Trafalgar 2019
Students achieving Grade 4+ at English and Maths	64%	68%	62%	59%	48%
Students achieving Grade 5+ at English and Maths	43%	47%	38%	35%	22%
Attainment 8	46.55	48.9	43.21	42.5	36.5
Attendance	94.8%	94%	93%	94%	93%
Student Recruitment	n/a	110%	110%	104%	108%

Going Concern

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

The Salterns Academy Trust

Trustees' Report

Promoting the success of the company

The academy trust undertakes business in such a way that, in good faith, best promotes the success of the academy trust in achieving its charitable purposes and in doing so, has regard (amongst other matters) to:

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

These are embedded in decision making from the Board of Trustees throughout the academy trust.

Financial Review

Salterns Academy Trust has adopted the Academy Financial Management Protocol as the basis for its financial management practices.

General Annual Grant (GAG) from the ESFA constitutes the vast majority of Trust income, together with other central Government payments such as the Pupil Premium Grant and, for capital, the Condition Improvement (CIF) grants. There is subsidiary income from the LA, 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 in 2019-20 by top slicing 2.9% 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 has established a finance and resources committee to oversee financial control and value for money. A trustee with a financial background takes the role of chair of this committee and is also the attached finance director. A separate audit committee to oversee internal control and management of risk also exists. Both schools' LGBs have delegated authority to recommend and monitor the school budget, reporting to the trust. Management accounts are sent to the chair of the trust and the finance director and are also scrutinized at the finance and resources committee and the trust board. All major financial decisions are referred to the trust board meetings.

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 large 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.

The Salterns Academy Trust

Trustees' Report

Financial Review (continued)

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

Benchmarking is regularly carried out for all main lines of expenditure and regularly reported to the board. Best value is sought for all contracts and supplies.

The improving achievement and progress figures for both schools and the increasing popularity with parents are the best evidence of the impact that this rigorous application of the budget is having.

Reserves Policy

The trust has established the principle and agreed that it should work towards carrying a reserve equal to two months' expenditure to ensure stability for its academies in a time of continuing funding turbulence. The reserve is required to manage unforeseen circumstances that may arise, such as long-term absence of staff; to support planned resource maintenance and development and is available to bids by an academy for specific improvement work.

The reserves as at 31st August 2020 were as follows:

- Unrestricted (free) reserves of £523,469
- A restricted fixed asset fund of £24,407,321, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £4,276,000
- Other restricted funds of £547,129
- Total funds of £21,201,919

The increase in reserves is due to committing the additional GAG money granted to Trafalgar School for essential capital works and other urgent improvement work at the school.

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 maximization;
- 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.

The Salterns Academy Trust

Trustees' Report

Principal Risks and Uncertainties

The Trust considers the major risks to which it is exposed to be:

- The impact of the Covid-19 pandemic
- insufficient numbers of students applying for places in its academies
- discontinuation of the actual numbers funding mechanism for Trafalgar School
- further changes to educational funding, particularly a reduced per-pupil element
- issues arising from the UTC which has been built on Trust land at the Trafalgar School site.
- failure to recruit quality staff at all levels including leadership

The trust understands that the management of the first risk is a national issue and has followed the thorough guidance which has been issued by the DfE, while working in close partnership with the Local Authority and other multi-academy trusts.

Management of the other risks is best achieved by maintaining and enhancing the reputations of the two academies for delivering excellent education within the city, which is why it focuses its strategic monitoring on school performance.

The trust has also developed its capability to forecast 3 to 5 year budget 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 is actively engaged in discussions with the LA about future growth in size of its academies and will now work in partnership with another multi academy trust on school improvement.

The trust is actively involved in the Portsmouth Education Partnership's high profile recruitment and retention strategy and is also part of a national early career teacher support pilot. The trust has committed to review the already extensive CPD programmes that are offered in its schools to see if these can be even better tailored for staff.

Fundraising

As part of its work within the wider community, the schools within the academy trust undertake fundraising activities, for example through non-uniform days, cakes sales and sponsored activities. The vast majority of this fundraising is for the purpose of charitable giving which is split between local, national and international charities, including our partner schools in the Gambia. Trust schools undertake all such activities themselves, with the help of their students and families. We can confirm 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 academy 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 Salterns Academy Trust for the 2019-20 academic year	
Energy consumption used to calculate emissions (kWh)	1,987,896.00
Energy consumption break down (kWh):	
• Gas	1,320,308.00
• Electricity	666,007.00
• Transport fuel	1,581.00
<u>Scope 1 emissions in metric tonnes CO₂</u>	
Gas consumption	242.77
Owned transport – mini-buses	-
Total Scope 1	242.77
<u>Scope 2 emissions in metric tonnes CO₂</u>	
Purchased electricity	155.27
<u>Scope 3 emissions in metric tonnes CO₂</u>	
Business travel in employee owned vehicles	0.38
Total gross emissions in metric tonnes CO ₂	398.42
<u>Intensity ratio</u>	
Tonnes CO ₂ per pupil	0.22

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

Use of technology has been rapidly developed to ensure that staff can access meetings etc. remotely, and therefore business travel is reduced. A review to explore the potential of implementing new energy efficiency measures will take place during the 2020-21 academic year.

The Salterns Academy Trust

Trustees' Report

Plans for Future Periods

For the Academic Year 2020/21, the Salterns Academy Trust has established the following strategic priorities:

1. Ensure safe continuous high-quality education in the Covid era which meets the needs of all students
 - Developing the mix of on-site and remote learning
 - Removing barriers to remote learning
 - Supporting emotional well-being and progress
2. Improve the progress of groups of students to narrow any gaps, especially those caused by lockdown or disadvantage.
3. Deliver a positive impact on school improvement and staff development through the Trust's new relationship with GLF Schools.
4. Develop relationships and working practices between the new Trust Executive and the Trustees to deliver appropriate support and challenge in governance
5. Continue to improve the Trust's governance systems, processes and reporting mechanisms including ways of gathering feedback from students, staff, and parents
6. Strengthen financial management, planning and reporting to ensure ongoing financial sustainability
7. Continue a programme of capital investment in the school buildings, infrastructure, and grounds, supported by bidding for additional capital funding

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 2 December 2020 and signed on the board's behalf by:

A M Cree

A M Cree (Dec 10, 2020 12:04 GMT)

A Cree
Trustee

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.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer (CEO), 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.

As at August 2020, the membership is as follows:

Steven Labeledz Chief Executive Officer

Salterns Trust Members - Appointees

Andy Cree (Chair)	Independent
Paul Hayes (Vice Chair)	Independent
Vacancy	Independent
Tania Osborne	Chair of ALNS LGB
Jo Bennett	Chair of TS LGB
Nys Hardingham	Headteacher of ALNS
Claire Copeland	Headteacher of TS

Co-opted Directors

Amanda Barrett	Independent
Vacancy	Independent
Vacancy	Independent

The Chair and Vice-Chair have continued in their roles providing stability to the leadership of the board, which aimed to empower the schools and their LGB's to improve the life chances of our students yet further.

There have been two resignations from the Trust Board in the year (Flick Drummond and Maria Phillips).

The Salterns Academy Trust

Governance Statement

Governance (continued)

The Trust Board is carrying three vacancies. Recruiting to fill these vacancies is a matter of urgency. The Trust Board has undertaken a skills audit to identify the talents it requires of new Trustees and is developing an Action Plan of contacts and potential avenues to fill the vacancies as quickly as possible at the start of the next academic year.

A Chief Financial and Operating Officer (CFO) was appointed in June 2020, bringing further rigour to governance within the Trust. Caroline Corcoran will attend Trust Board meetings and Audit committee meetings. She will also attend LGB meetings, as required.

The Clerk has excellent organisational skills which complement the working of the board and its committees.

Attendance at Trust Board meeting was as follows:

Trustee	Meetings attended	Out of a possible
Steven Labeledz, CEO and Accounting Officer	6	6
Andy Cree	5	6
Paul Hayes	6	6
Amanda Barrett	5*	6
Nys Hardingham	5	6
Claire Copeland	5	6
Tania Osborne	4	6
Jo Bennett (appointed 12 September 2020)	5	6
Flick Drummond (resigned 31 December 2019)	1	2
Maria Phillips (resigned 31 March 2020)	3	3

* Technical issues prevented Amanda from attending one of the meetings.

Finance and Resources Committee

Salterns Trust Board takes full responsibility for the financial management of the trust.

The Salterns Trust Board has resolved to have a Finance and Resources committee to ensure that decisions taken in operating the trust provide full value for money and the highest levels of propriety.

Following the impact of Trustee resignations during the year on the membership of the Finances and Resources committee, the Trust Board has resolved that the Finance and Resources Committee will be disbanded and the Trust Board itself will provide financial rigour, scrutiny and oversight whilst delegating financial authority to the Local Governing Bodies of each of its schools as laid out in the Scheme of Delegation. The approach reflects the size of the Trust.

The Salterns Academy Trust

Governance Statement

Governance (continued)

Attendance has been as follows:

Finance and Resources Committee	Meetings Attended	Out of a possible
Maria Phillips (resigned 31 March 2020)	2	2
Flick Drummond (resigned 31 December 2019)	0	1
Steve Labeledz	2	2

Audit Committee

The Salterns Trust Board has resolved to have an audit committee to advise the board on matters relating to the trust's audit arrangements, systems of internal control and risk management.

The committee is responsible to the Trust Board. The CEO and CFO attend but are not voting members of the committee.

Attendance has been as follows:

Audit Committee	Meetings Attended	Out of a possible
Paul Hayes	3	3
Adrian Parry	3	3
Amanda Barrett	3	3
Maria Phillips (in attendance as Chair of Finance Committee) (resigned 31 March 2020)	2	2
Steven Labeledz (in attendance)	3	3
Caroline Corcoran (in attendance) (joined the Trust on 1 June 2020)	1	1

This committee has one vacancy, which will be filled when the new Trustees are appointed.

Pay and Conditions Committee

The Salterns Trust Board has resolved to have a pay and conditions committee to advise the board on matters relating to the trust's staffing organisation and all matters relating to pay and appraisal arrangements.

The committee is responsible to the Trust Board.

The committee has delegated powers to determine the pay policy and annual salary for all staff in the trust and to approve the organisation structure.

The Salterns Academy Trust

Governance Statement

Governance (continued)

Attendance has been as follows:

Pay and Conditions Committee	Meetings Attended	Out of a Possible
Chair or Vice Chair	2	2
Steven Labeledz	2	2
Nys Hardingham	2	2
Claire Copeland	2	2
Amanda Barrett (joined the committee on 16 October 2019)	2	2
Jo Bennett (appointed 12 September 2020) *	1	1
Tania Osborne *	1	1

* Chairs of LGBs only required to attend the autumn meeting.

Covid-19

This has been an exceptionally difficult year as the Trust and its schools have managed the implications for education of the students during the Covid-19 pandemic, in line with government regulation and requirements. Much of the year has been focused on constantly evolving risk assessment and fundamentally changing the mode and methods of teaching using remote technology for a lengthy period (March to July 2020). The Trust is proud of and grateful for the way in which the entire school workforce has responded to these challenging issues and embraced new ways of working. This concerted effort has enabled the continuation of effective teaching and learning for our students. It has also had an expenditure impact on the school budgets for essential items related to Covid-19 management, additional cleaning staff and to enable the school to cope technologically with virtual lessons etc. The internal scrutiny programme was put on hold and took place in late August/early September 2020.

Governance Review

The Trust Board engaged with the Leading Governance programme delivered by the National Governors Association in summer 2019. This programme is built around self-reflection, development and improvement planning and so forms effective governance review.

The CFO is leading a governance improvement plan, which has emerged from the outcomes of the governance review. This is progressing at pace and impact from the changes is already being made.

The Salterns Academy Trust

Governance Statement

Review of Value for Money

As accounting officer the CEO 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. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Continuing to provide a very wide range of educational opportunity for the students at both schools in the trust while ensuring that achievement continues to improve. The curriculum at both schools has been extended to give a wider choice of pathway for students, which is a major contributor to increased engagement and motivation. This has been achieved using existing staff but deploying them with considerably more efficient timetabling. Staff restructuring has also ensured that the right people are in the most effective positions to promote student success, particularly in leadership.
- Benchmarking against the financial led curriculum planning document has shown that the curriculum is relatively efficiently timetabled at both academies and illustrates clearly further steps to be taken.
- Pupil Premium grants have been spent to ensure that the trust can close the gaps in achievement for disadvantaged students and make sure that they do not miss out on any opportunities. There is increasing evidence of success with this strategy.
- Academy freedoms have continued to give the trust mechanisms to locate the best available deals to pay for non-staffing costs, and, as more LA originated contracts come to an end, the trust is able to release more money back into the education of students.
- Careful reinvestment of community income is ensuring that the trust's facilities remain outstanding for our students as well as the community.
- The trust has continued the process of overhauling all its central functions looking for the value for money that economies of scale can bring. The trust's central team has reduced in size to provide greater efficiency and now comprises the CEO, the CFO, a Finance Manager and a small finance team, and the IT shared network manager.

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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

The Salterns Academy Trust

Governance Statement

Capacity to Handle Risk

The Trust Board has reviewed the key risks to which the Salterns Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Trust Board is of the view that it has identified, evaluated, and managed the academy trust's significant risks for the period 1st September 2019 to 31st August 2020 and up to the date of approval of the annual report and financial statements.

The Audit committee always discusses risk assessment and management and reports its findings to the Trust Board, which is confident that its current management approach identifies and manages risks appropriately.

Reviewing the Risk Register is a delegated function of the Audit committee, which is responsible for both creating a formal record of risks and reviewing the appropriate actions the trust has taken to mitigate them.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and, in this period, decided not to appoint an internal auditor. However, the Trust Board appointed Hopper Williams & Bell Limited as the external auditor, to perform additional checks. The internal scrutiny programme for the period was focused on whistleblowing; management reporting and information; and capital projects. This was put on hold due to the Covid-19 pandemic and took place in late August/early September 2020.

The Trust Board notes the change in the Academies Financial Handbook 2020, which means that for the next period, the Trust Board must undertake internal scrutiny in a different way, as internal and external audit cannot be undertaken by the same company.

The Salterns Academy Trust

Governance Statement

The Risk and Control Framework (continued)

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

- Employee salary details and personnel records
- Authorisation of salary amendments
- Authorisation of payroll
- Authorisation and settlement of purchases
- Review of income received from Education and Skills Funding Agency (ESFA)
- Review of bank reconciliations
- Review of control accounts
- Compliance with the Academies Financial Handbook:

On a regular basis, the accountants report to the Trust Board, through the Audit committee, on the operation of the systems of control and on the discharge of the Trust Board's 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.

Review of Effectiveness

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

- the work of the external 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
- regular meetings between the CEO, CFO, and the finance team

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Trust Board and a plan is in place to address weaknesses and ensure continuous improvement of the system.

Approved by order of the members of the board of trustees on 2 December 2020 and signed on its behalf by:

A M Cree

A M Cree (Dec 10, 2020 12:04 GMT)

A Cree
Trustee

Steven Labedz

Steven Labedz (Dec 10, 2020 12:16 GMT)

S Labedz
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 received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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 Academies Financial Handbook 2019.

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

Steven Labeledz
Steven Labeledz (Dec 10, 2020 12:16 GMT)

S Labeledz
Accounting Officer
2 December 2020

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 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 2 December 2020 and signed on its behalf by:


A M Cree (Dec 10, 2020 12:04 GMT)

A Cree
Trustee

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 2020 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 2019 to 2020 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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2019 to 2020.

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

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 to 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.

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 Report of Independent Auditors.

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

Date 10/12/2020

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 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Salterns Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Board of Trustees 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 4 March 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 Academies Accounts Direction 2019 to 2020 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 Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH 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 AFH.
- Review of any 'minded to' letters or Financial Notices to Improve 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 AFH.
- Review of governance arrangements to determine whether the requirements of the AFH 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 2019 to 31 August 2020 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

Date 10/12/2020

The Salterns Academy Trust

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

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
Income and endowments from:							
Donations and capital grants	2	21,459	-	-	32,539	53,998	1,282,040
Charitable activities:							
Funding for the academy trust's educational operations							
	3	-	10,922,157	-	-	10,922,157	9,996,401
Other trading activities	4	93,363	-	-	-	93,363	161,659
Investments	5	967	-	-	-	967	868
Total		115,789	10,922,157	-	32,539	11,070,485	11,440,968
Expenditure on:							
Charitable activities:							
Academy trust educational operations							
	7	-	10,331,851	419,000	502,792	11,253,643	10,746,547
Net income / (expenditure)		115,789	590,306	(419,000)	(470,253)	(183,158)	694,421
Transfers between funds	17	-	(141,125)	-	141,125	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes							
	26	-	-	(505,000)	-	(505,000)	(1,092,000)
Net movement in funds		115,789	449,181	(924,000)	(329,128)	(688,158)	(397,579)
Reconciliation of funds							
Total funds brought forward		407,680	97,948	(3,352,000)	24,736,449	21,890,077	22,287,656
Total funds carried forward		523,469	547,129	(4,276,000)	24,407,321	21,201,919	21,890,077

The notes on pages 34 to 58 form part of these financial statements.

The Salterns Academy Trust

Balance Sheet as at 31 August 2020

Company Number 08921490

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		24,286,008		23,934,830
Current assets					
Stock	13	848		-	
Debtors	14	774,465		1,083,774	
Cash at bank and in hand		<u>1,608,837</u>		<u>1,534,566</u>	
		2,384,150		2,618,340	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(1,063,879)</u>		<u>(1,090,801)</u>	
Net current assets			<u>1,320,271</u>		<u>1,527,539</u>
Total assets less current liabilities			25,606,279		25,462,369
Creditors:					
Amounts falling due after more than one year	16		<u>(128,360)</u>		<u>(220,292)</u>
Net assets excluding pension liability			25,477,919		25,242,077
Defined benefit pension scheme liability	26		(4,276,000)		(3,352,000)
Total net assets			<u>21,201,919</u>		<u>21,890,077</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	17	24,407,321		24,736,449	
Restricted income fund	17	547,129		97,948	
Pension reserve	17	<u>(4,276,000)</u>		<u>(3,352,000)</u>	
Total restricted funds			20,678,450		21,482,397
Unrestricted income funds	17		523,469		407,680
Total funds			<u>21,201,919</u>		<u>21,890,077</u>

The financial statements on pages 31 to 58 were approved by the trustees and authorised for issue on 2 December 2020 and are signed on their behalf by:

A M Cree

A M Cree (Dec 10, 2020 12:04 GMT)

A Cree

Trustee

The notes on pages 34 to 58 form part of these financial statements.

The Salterns Academy Trust

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	928,241	1,267,771
Cash flows from investing activities	22	(853,970)	(1,368,849)
Change in cash and cash equivalents in the reporting period		<u>74,271</u>	<u>(101,078)</u>
Cash and cash equivalents at 1 September 2019		1,534,566	1,635,644
Cash and cash equivalents at 31 August 2020	23	<u>1,608,837</u>	<u>1,534,566</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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 2020

Income (continued)

- Government Grants

The following government grants have been received during the year:

Coronavirus Job Retention Scheme

The accrual model has been used to recognise the grant on a systematic basis over the periods in which the related staff costs are incurred.

Coronavirus exceptional support

The accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

- 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'.

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 2020

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% straight line on buildings; not provided on land
Leasehold Land and Buildings	2% straight line on buildings; not provided on land
Furniture and Equipment	20% straight line
Computer Equipment	33% straight line
Motor Vehicles	20% straight line

Long leasehold land has not been depreciated 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 2020

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 as detailed in note 14. 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.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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 2020

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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 2020

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 £	2019/20 Total £	2018/19 Total £
Capital grants	-	32,539	32,539	1,260,693
Other donations	21,459	-	21,459	21,347
	<u>21,459</u>	<u>32,539</u>	<u>53,998</u>	<u>1,282,040</u>
Total 2019	<u>21,347</u>	<u>1,260,693</u>	<u>1,282,040</u>	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	9,425,277	9,425,277	8,636,860
Pupil Premium	-	497,216	497,216	468,348
Other DfE Group grants	-	531,274	531,274	74,973
	-	10,453,767	10,453,767	9,180,181
Other government grants				
Local authority grants	-	165,264	165,264	259,321
Exceptional government funding				
Coronavirus Job Retention Scheme grant	-	4,316	4,316	-
Coronavirus exceptional support	-	12,220	12,220	-
	-	16,536	16,536	-
Other income from the academy trust's educational operations				
Trip income	-	45,821	45,821	178,925
Catering income	-	127,944	127,944	204,899
Other income	-	112,825	112,825	173,075
	-	286,590	286,590	556,899
	-	10,922,157	10,922,157	9,996,401
Total 2019	-	9,996,401	9,996,401	

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

The academy trust furloughed some of its community staff under the government's Coronavirus Job Retention Scheme. The funding received related to staff costs in respect of four staff which are included within the staff note below.

The funding received for Coronavirus exceptional support covers additional premises and catering costs. These costs are included in the expenditure note below.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	83,686	-	83,686	136,361
Music tuition income	2,040	-	2,040	2,735
Sale of goods and services	7,637	-	7,637	22,563
	<u>93,363</u>	<u>-</u>	<u>93,363</u>	<u>161,659</u>
Total 2019	<u>161,659</u>	<u>-</u>	<u>161,659</u>	

5 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	967	-	967	868
	<u>868</u>	<u>-</u>	<u>868</u>	
Total 2019	<u>868</u>	<u>-</u>	<u>868</u>	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2019/20 £	Total 2018/19 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	6,664,465	-	439,193	7,103,658	6,391,145
Allocated support costs	2,421,592	547,373	1,181,020	4,149,985	4,355,402
	<u>9,086,057</u>	<u>547,373</u>	<u>1,620,213</u>	<u>11,253,643</u>	<u>10,746,547</u>
Total 2019	<u>8,409,495</u>	<u>506,215</u>	<u>1,830,837</u>	<u>10,746,547</u>	

Net income/(expenditure) for the period includes:

	2019/20 £	2018/19 £
Operating lease rentals	100,186	140,963
Depreciation	502,950	475,784
(Gain)/loss on disposal of fixed assets	(158)	(20)
Fees payable to auditor for:		
Audit	12,070	10,925
Other services	<u>5,260</u>	<u>9,195</u>

Included within expenditure are the following transactions:

	Total	Individual items	
		Amount	Reason
Ex-gratia payments	500	500	Employee payment

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2019, being delegated authority or approval from the Education and Skills Funding Agency.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20 Total £	2018/19 Total £
Direct costs	7,103,658	6,391,145
Support costs	4,149,985	4,355,402
	<u>11,253,643</u>	<u>10,746,547</u>

Analysis of support costs:

	Educational operations £	2019/20 Total £	2018/19 Total £
Support staff costs	2,421,592	2,421,592	2,458,920
Depreciation	502,950	502,950	475,784
Technology costs	111,609	111,609	91,079
Premises costs	547,373	547,373	506,215
Other support costs	549,131	549,131	803,284
Governance costs	17,330	17,330	20,120
Total support costs	<u>4,149,985</u>	<u>4,149,985</u>	<u>4,355,402</u>

Total 2019	<u>4,355,402</u>	<u>4,355,402</u>
------------	------------------	------------------

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	6,671,758	6,362,046
Social security costs	635,199	612,652
Pension costs	1,762,350	1,357,285
	<u>9,069,307</u>	<u>8,331,983</u>
Agency staff costs	16,750	77,512
	<u>9,086,057</u>	<u>8,409,495</u>

b) Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	105	108
Administration and support	144	139
Management	13	12
	<u>262</u>	<u>259</u>

c) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001 - £70,000	4	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	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 £1,184,961 (2019: £1,092,607).

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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:

		2019/20	2018/19
		£000	£000
S Labeledz (Staff trustee and Accounting Officer)	Remuneration	95-100	105-110
	Employer's pension contributions paid	15-20	15-20
N Hardingham (Staff trustee)	Remuneration	95-100	85-90
	Employer's pension contributions paid	20-25	10-15
C Copeland (Staff trustee)	Remuneration	80-85	75-80
	Employer's pension contributions paid	15-20	10-15

During the period ended 31 August 2020, travel and subsistence expenses totalling £348 were reimbursed or paid directly to two trustees (2019: £678 to three trustees).

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.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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 (2.9%). The actual amounts charged during the year were as follows:

	2019/20	2018/19
	£	£
Admiral Lord Nelson School	147,897	199,848
Trafalgar School	119,101	144,519
	<u>266,998</u>	<u>344,367</u>

12 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2019	11,468,422	14,230,039	191,366	232,690	2,500	26,125,017
Acquisitions	615	639,869	33,395	180,541	-	854,420
Disposals	-	-	-	(25,510)	(2,500)	(28,010)
At 31 August 2020	<u>11,469,037</u>	<u>14,869,908</u>	<u>224,761</u>	<u>387,721</u>	<u>-</u>	<u>26,951,427</u>
Depreciation						
At 1 September 2019	621,921	1,221,219	142,070	202,769	2,208	2,190,187
Charged in year	201,102	256,046	13,415	32,387	-	502,950
Disposals	-	-	-	(25,510)	(2,208)	(27,718)
At 31 August 2020	<u>823,023</u>	<u>1,477,265</u>	<u>155,485</u>	<u>209,646</u>	<u>-</u>	<u>2,665,419</u>
Net book values						
At 31 August 2019	10,846,501	13,008,820	49,296	29,921	292	23,934,830
At 31 August 2020	<u>10,646,014</u>	<u>13,392,643</u>	<u>69,276</u>	<u>178,075</u>	<u>-</u>	<u>24,286,008</u>

13 Stock

	2019/20	2018/19
	£	£
Uniform stocks	<u>848</u>	-

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

14 Debtors

	2019/20	2018/19
	£	£
Trade debtors	11,174	28,503
VAT recoverable	129,916	99,125
Other debtors	-	552
Prepayments and accrued income	633,375	955,594
	<u>774,465</u>	<u>1,083,774</u>

15 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	351,317	324,549
Loans falling due within one year	32,027	32,027
Other creditors falling due within one year	130,296	261,252
Accruals and deferred income	550,239	472,973
	<u>1,063,879</u>	<u>1,090,801</u>

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	139,216	52,821
Released from previous years	(139,216)	(52,821)
Resources deferred in the year	419,472	139,216
Deferred income at 31 August 2020	<u>419,472</u>	<u>139,216</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.

16 Creditors: amounts falling due in greater than one year

	2019/20	2018/19
	£	£
Loans falling due in greater than one year	128,360	160,387
Other creditors falling due in greater than one year	-	59,905
	<u>128,360</u>	<u>220,292</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	97,948	9,425,277	(8,834,971)	(141,125)	-	547,129
Pupil Premium	-	497,216	(497,216)	-	-	-
Other DfE/ESFA grants	-	531,274	(531,274)	-	-	-
Other government grants	-	181,800	(181,800)	-	-	-
Other educational activities	-	286,590	(286,590)	-	-	-
	<u>97,948</u>	<u>10,922,157</u>	<u>(10,331,851)</u>	<u>(141,125)</u>	<u>-</u>	<u>547,129</u>
Pension reserve	(3,352,000)	-	(419,000)	-	(505,000)	(4,276,000)
	<u>(3,254,052)</u>	<u>10,922,157</u>	<u>(10,750,851)</u>	<u>(141,125)</u>	<u>(505,000)</u>	<u>(3,728,871)</u>
Restricted fixed asset funds						
Fixed asset fund	23,934,830	-	(502,792)	853,970	-	24,286,008
DFC capital grants (ALNS)	-	21,415	-	(21,415)	-	-
DFC capital grants (Trafalgar)	13,031	15,222	-	(28,253)	-	-
CIF capital grants (ALNS)	532,916	(31,843)	-	(501,073)	-	-
CIF capital grants (Trafalgar)	-	(15,728)	-	15,728	-	-
Other capital grants (ALNS)	255,672	43,473	-	(177,832)	-	121,313
	<u>24,736,449</u>	<u>32,539</u>	<u>(502,792)</u>	<u>141,125</u>	<u>-</u>	<u>24,407,321</u>
Total restricted funds	<u>21,482,397</u>	<u>10,954,696</u>	<u>(11,253,643)</u>	<u>-</u>	<u>(505,000)</u>	<u>20,678,450</u>
Total unrestricted funds	<u>407,680</u>	<u>115,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,469</u>
Total funds	<u>21,890,077</u>	<u>11,070,485</u>	<u>(11,253,643)</u>	<u>-</u>	<u>(505,000)</u>	<u>21,201,919</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 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, for example pupil premium funding.

Other government grants

This includes funding received from the local authority for specific purposes, for example Special Educational Needs funding, and additional funding received from government support schemes in response to the Coronavirus outbreak.

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 tangible fixed assets.

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 2020.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2019/20	2018/19
	£	£
Admiral Lord Nelson School	456,247	435,015
Trafalgar School	612,876	70,613
Central services	1,475	-
Total before fixed assets and pension reserve	1,070,598	505,628
Restricted fixed asset fund	24,407,321	24,736,449
Pension reserve	(4,276,000)	(3,352,000)
Total	21,201,919	21,890,077

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) £	2019/20 Total £	2018/19 Total £
Admiral Lord Nelson School	3,870,760	1,345,389	258,795	726,184	6,201,128	6,120,740
Trafalgar School	2,793,705	1,076,203	180,398	499,259	4,549,565	4,150,023
	6,664,465	2,421,592	439,193	1,225,443	10,750,693	10,270,763

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	-	8,636,860	(8,538,242)	(670)	-	97,948
Pupil Premium	-	468,348	(468,348)	-	-	-
Other DfE/ESFA grants	-	74,973	(74,973)	-	-	-
Other government grants	-	259,321	(259,321)	-	-	-
Other educational activities	-	556,899	(556,899)	-	-	-
	-	9,996,401	(9,897,783)	(670)	-	97,948
Pension reserve	(1,887,000)	-	(373,000)	-	(1,092,000)	(3,352,000)
	(1,887,000)	9,996,401	(10,270,783)	(670)	(1,092,000)	(3,254,052)
Restricted fixed asset funds						
Fixed asset fund	23,041,745	-	(475,764)	1,368,849	-	23,934,830
DFC capital grants (ALNS)	-	72,416	-	(72,416)	-	-
DFC capital grants (Trafalgar)	-	43,882	-	(30,851)	-	13,031
CIF capital grants (ALNS)	133,804	824,827	-	(425,715)	-	532,916
CIF capital grants (Trafalgar)	645,301	(25,432)	-	(619,869)	-	-
Other capital grants (ALNS)	-	345,000	-	(89,328)	-	255,672
Other capital grants (Trafalgar)	130,000	-	-	(130,000)	-	-
	23,950,850	1,260,693	(475,764)	670	-	24,736,449
Total restricted funds	22,063,850	11,257,094	(10,746,547)	-	(1,092,000)	21,482,397
Total unrestricted funds	223,806	183,874	-	-	-	407,680
Total funds	22,287,656	11,440,968	(10,746,547)	-	(1,092,000)	21,890,077

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

18 Analysis of net assets between funds

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	24,286,008	24,286,008
Current assets	523,469	1,739,368	-	121,313	2,384,150
Current liabilities	-	(1,063,879)	-	-	(1,063,879)
Non-current liabilities	-	(128,360)	-	-	(128,360)
Pension scheme liability	-	-	(4,276,000)	-	(4,276,000)
Total net assets	523,469	547,129	(4,276,000)	24,407,321	21,201,919

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	-	-	-	23,934,830	23,934,830
Current assets	407,680	1,409,041	-	801,619	2,618,340
Current liabilities	-	(1,090,801)	-	-	(1,090,801)
Non-current liabilities	-	(220,292)	-	-	(220,292)
Pension scheme liability	-	-	(3,352,000)	-	(3,352,000)
Total net assets	407,680	97,948	(3,352,000)	24,736,449	21,890,077

19 Capital commitments

	2019/20	2018/19
	£	£
Contracted for, but not provided in the financial statements	177,840	756,745

20 Commitments under operating leases

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

	2019/20	2018/19
	£	£
Amounts due within one year	116,919	111,194
Amounts due between one and five years	130,430	132,030
Amounts due after five years	-	12,511
	247,349	255,735

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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

	2019/20	2018/19
	£	£
Net (expenditure) / income for the reporting period	(183,158)	694,421
Adjusted for:		
Depreciation	502,950	475,784
(Gain)/loss on disposal of fixed assets	(158)	(20)
Defined benefit pension scheme cost less contributions payable	359,000	325,000
Defined benefit pension scheme finance cost	60,000	48,000
(Increase) / decrease in stocks	(848)	848
Decrease in debtors	309,309	759,159
Decrease in creditors	(118,854)	(1,035,421)
Net cash provided by Operating Activities	<u>928,241</u>	<u>1,267,771</u>

22 Cash flows from investing activities

	2019/20	2018/19
	£	£
Proceeds from sale of tangible fixed assets	450	20
Purchase of tangible fixed assets	(854,420)	(1,368,869)
Net cash used in investing activities	<u>(853,970)</u>	<u>(1,368,849)</u>

23 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	<u>1,608,837</u>	<u>1,534,566</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	1,534,566	74,271	-	-	-	1,608,837
Loans falling due within one year	(32,027)	-	-	-	-	(32,027)
Loans falling due after more than one year	(160,387)	32,027	-	-	-	(128,360)
Total	<u>1,342,152</u>	<u>106,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,448,450</u>

25 Members liability

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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 2019.

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

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 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% 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. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £1,010,805 (2019: £669,508).

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.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

26 Pension and similar obligations (continued)

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 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	345,000	352,000
Employees' contributions	94,000	90,000
	<u>439,000</u>	<u>442,000</u>

The agreed contribution rates for future years are 18.9% 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.

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.3%	3.6%
Rate of increase for pensions in payment/inflation	2.3%	2.1%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	<u>2.3%</u>	<u>2.1%</u>

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

	2020	2019
Retiring today		
Males	23.0	23.1
Females	<u>25.5</u>	<u>25.8</u>
Retiring in 20 years		
Males	24.7	24.7
Females	<u>27.2</u>	<u>27.6</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

26 Pension and similar obligations (continued)

Sensitivity analysis	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£	£
Discount rate +0.1%	(236,000)	(194,000)
Discount rate -0.1%	236,000	198,000
Mortality assumption – 1 year increase	363,000	312,000
Mortality assumption – 1 year decrease	(354,000)	(309,000)

The academy trust's share of the assets in the scheme were:

	2020	2019
	£	£
Equities	3,307,000	3,522,000
Property	350,000	421,000
Government bonds	1,132,000	1,205,000
Cash	93,000	111,000
Other	951,000	591,000
Total market value of assets	<u>5,833,000</u>	<u>5,850,000</u>

The actual return on scheme assets was -£226,000 (2019: £318,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	704,000	462,000
Past service cost	-	215,000
Interest income	(110,000)	(151,000)
Interest cost	170,000	199,000
Total amount recognised in the SOFA	<u>764,000</u>	<u>725,000</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

26 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	9,202,000	7,118,000
Current service cost	704,000	462,000
Interest cost	170,000	199,000
Employee contributions	94,000	90,000
Actuarial loss	169,000	1,259,000
Benefits paid	(230,000)	(141,000)
Past service cost	-	215,000
At 31 August	<u>10,109,000</u>	<u>9,202,000</u>

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

	2019/20	2018/19
	£	£
At 1 September	5,850,000	5,231,000
Interest income	110,000	151,000
Actuarial (loss) / gain	(336,000)	167,000
Employer contributions	345,000	352,000
Employee contributions	94,000	90,000
Benefits paid	(230,000)	(141,000)
At 31 August	<u>5,833,000</u>	<u>5,850,000</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.