

The Salterns Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2021

Company Registration Number:
08921490 (England and Wales)

The Salterns Academy Trust

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	22
Statement on Regularity, Propriety and Compliance	28
Statement of Trustees' Responsibilities	29
Independent Auditor's Report on the Financial Statements	30
Independent Reporting Accountant's Report on Regularity	34
Statement of Financial Activities incorporating Income & Expenditure Account	37
Balance Sheet	38
Statement of Cash Flows	39
Notes to the Financial Statements	40

The Salterns Academy Trust

Reference and Administrative Details

Members:

A Cree
D Giles
M Park
S Taviner (resigned 18 April 2021)
S Labeledz (appointed 27th January 2021)

Trustees:

A Cree (Chair)
P Hayes (Vice Chair)
A Barrett
E Beecher (appointed 5 May 2021)
J Bennett
C Copeland
N Hardingham
S Labeledz (resigned 31 December 2020)
A Majekodunmi (appointed 19 May 2021)
T Osborne (resigned 31 March 2021)
S Taviner (appointed 19 May 2021)

Governance professional

S Bartlett

Trust Executive Leadership Team

N Hardingham Chief Executive Officer (appointed 1 January 2021)
C Copeland Education Director (appointed 1 January 2021)
C Corcoran Chief Financial and Operating Officer
S Labeledz Chief Executive Officer (resigned 31 December 2020)

School Senior Leadership Teams

C Copeland Executive Headteacher: Trafalgar School
N Hardingham Executive Headteacher: Admiral Lord Nelson School
C Doherty Senior Deputy Headteacher: Admiral Lord Nelson School
G Pearse Deputy Headteacher: Trafalgar School
M Hutton Deputy Headteacher: Admiral Lord Nelson School
M Cathie Assistant Headteacher: Trafalgar School
L Clark Assistant Headteacher: Trafalgar School
S Fenner Assistant Headteacher: Admiral Lord Nelson School
A Ghose Assistant Headteacher: Trafalgar School
K Holness Assistant Headteacher: Admiral Lord Nelson School
A Raeburn Assistant Headteacher: Trafalgar School
D Wise Assistant Headteacher: Admiral Lord Nelson School

The Salterns Academy Trust

Reference and Administrative Details

Company Name

The Salterns Academy Trust

Principal and Registered Office

Admiral Lord Nelson School

Dundas Lane

Portsmouth

Hampshire

PO3 5XT

Company Registration Number

08921490 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds Bank Plc

38 London Road

North End

Portsmouth

PO2 0LR

Solicitors

Stone King LLP

Boundary House

91 Charterhouse St

London

EC1M 6HR

The Salterns Academy Trust

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. 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 2110 growing over time to 2310 and had a roll of 1961 in the school census of October 2020.

Structure, Governance and Management

Constitution

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

Details of the Trustees who served during the 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 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 Arrangements (RPA), which is operated by the DfE, and details can be found on the DfE website.

Method of Recruitment and Appointment or Election of Trustees

The Trust's articles and funding agreement detail that board membership comprises the Chief Executive Officer, up to seven member-appointed Trustees, and up to three co-opted Trustees, appointed by the member-appointed Trustees and the CEO. The Trust chooses not to appoint any parent Trustees as there are a minimum of two parent governors on each school's Local Governing Body (LGB).

The Trust has chosen to appoint the seven member-appointed Trustee positions using the following criteria: two Headteachers from the two schools within the Multi Academy Trust, two Chairs of Governors from the School LGBs within the Trust and three independent Trustees.

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

The Salterns Academy Trust

Trustees' Report

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

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

In the last year, the Trust Board has appointed two new Trustees, who were recruited through professional networks. After an initial approach from the CEO, a formal discussion was held with the Chair and Vice Chair of the Trust Board. A recommendation was then put to all Trustees for approval.

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

The Trust is in the process of updating its Articles of Association and its governance structure, with the intention that the new arrangements will come into place during 2021/2022.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

- The Trust's Articles of Association
- The Terms of Reference
- The Scheme of Delegation

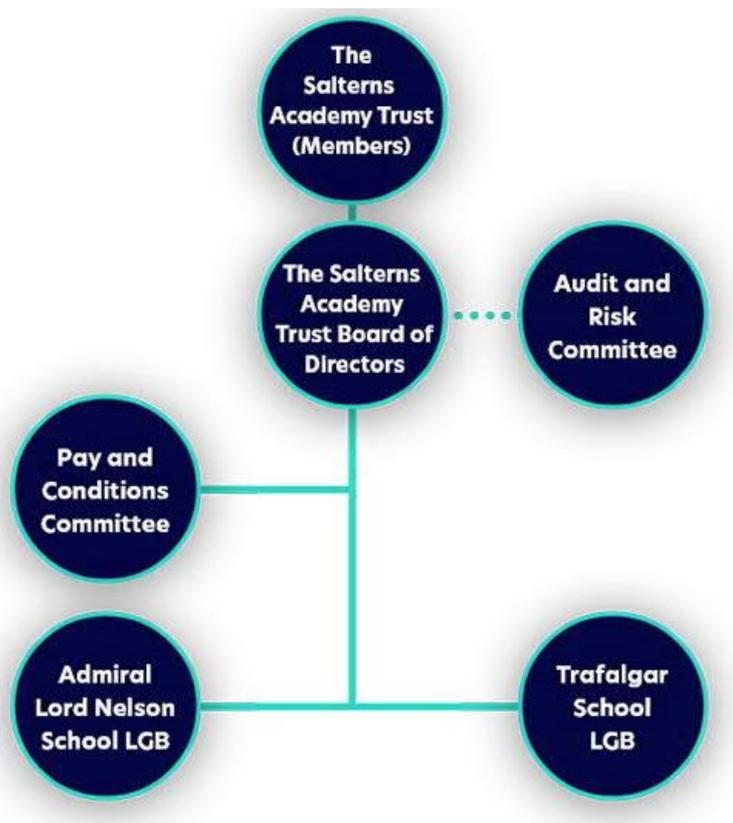
As part of their induction, Trustees understand that there will be a requirement for ongoing training and development in the role.

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

The Salterns Academy Trust

Trustees' Report

Organisational Structure



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

In summary, the Trustees are responsible for:

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

The Salterns Academy Trust

Trustees' Report

Organisational Structure (continued)

The Trust has Terms of Reference outlining the delegated responsibilities of the Audit and Risk Committee and the Pay and Conditions Committee.

The Audit and Risk Committee's role is to:

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

The Pay and Conditions Committee's role is to:

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

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

The Trust's Scheme of Delegation outlines the delegation of responsibilities to the Trust Executive Leadership, the school's Executive Headteacher and the school's Local Governing Body (LGB). The level of delegation is influenced by the maturity of each school LGB and whether the school is rated as good or better by an external agency. Both schools currently hold an OFSTED rating as 'Good' providers. The Scheme of Delegation can be found as an appendix to the Trust Finance Policy, which is reviewed annually.

Arrangements for setting pay and remuneration of key management personnel

The Trust Board has established a Pay and Conditions Committee which makes recommendations to the Trust Board on all aspects of pay for staff, including the pay ranges, pay scales and the proposals for any performance related pay because of successful appraisals. This process includes the setting of pay for the CEO and the Executive Headteachers (EHTs) and all other key management personnel, all of which needs to be approved by the board.

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

The Salterns Academy Trust

Trustees' Report

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1937
Provide the total pay bill	£10m
Percentage of the total pay bill spent on facility time	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
---	----

Related Parties and other Connected Charities and Organisations

The Trust was the educational provider on the establishment of the University Technical College (UTC) Portsmouth; as such, it holds a place as a Member of the UTC Portsmouth Trust and the CEO sits on The UTC Portsmouth Board of Trustees.

The Trust has a service level agreement with another larger multi-academy trust, GLF Schools, to support a partnership agreement for the provision of school improvement support for the Trust.

The Trust has formed a partnership with HISP MAT to lead the Portsmouth delivery of the Early Careers Framework when it commences in September 2021 for new entrants to the profession locally. This partnership will also entail the co-delivery of the new National Professional Qualifications and other Professional Development opportunities for teachers in Portsmouth.

The Trust is also forming a partnership with Portsmouth City Council specifically to support the work of the Portsmouth Education Partnership from 2021 onwards as it seeks to implement a strategy based upon developing Restorative and Relational Practice with the aim of improving attendance and engagement in education.

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

The Salterns Academy Trust

Trustees' Report

Engagement with employees (including disabled persons)

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

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

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

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

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

The Salterns Academy Trust

Trustees' Report

Objectives and Activities

Objects and Aims

Our vision at The Salterns Academy Trust is that:

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

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

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

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

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

Public Benefit

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

The Salterns Academy Trust

Trustees' Report

Strategic Report

Achievements and Performance

In the timeframe of this report, the Trust's main objectives were to continue the improvements and growth taking place within each of its secondary schools, despite the restrictions of the COVID pandemic, while continuing to develop the infrastructure and central function to perform successfully as a multi-academy trust within the geographical context of Portsmouth.

Our key objectives for 2020/21 were:

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

The Trust and our schools have worked hard to deliver high standards of education throughout the academic year. The incredibly successful launch of a Chromebook Leasing Scheme (with 80% uptake from our student population) supported by significant capital investment from Trust reserves in our schools' IT infrastructure and IT hardware, ensured that we delivered on our promise of equity of access to a high-quality remote education for all our children throughout the winter lockdowns and when self-isolating.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

The Trust is proud and grateful for the commitment and dedication of its staff throughout another incredibly challenging year because of the Covid restrictions and the risks posed by increased social contact in the workplace during the pandemic. Our support staff, especially our cleaning and premises teams, ensured that our teachers and children had a clean, well-ventilated, and supportive environment to keep everyone as safe as possible.

Staff wellbeing has been a priority for the Trust, acknowledging the stress associated with the additional demands placed upon our schools during the pandemic. Impressive levels of collaboration in curriculum design and delivery throughout 2020-21 to minimise the negative impact of Covid upon student progress led to teachers and education support staff moving at pace in their professional learning to maximise the opportunities presented for learning in a digital environment.

We have seen a significant improvement in academic outcomes for our male students in year 11 this year. We acknowledge that the pandemic has disproportionately affected the progress of our disadvantaged students which is in line with the nationally reported trends.

The Trust is extremely proud of its excellent pastoral support, being highly regarded for the quality of care and support for our vulnerable children. Attendance at school during lockdowns was high, particularly from our vulnerable children and all families in our schools benefitted from weekly pastoral calls during lockdowns from the child's tutor to provide support for the family. Safeguarding practices remain strong and the Trust has received local recognition for the depth of its Restorative and Relational Practice and the positive impact that this is having on staff and student wellbeing.

Despite the barriers presented by the Covid restrictions during the autumn and winter months, our partnerships with GLF Schools delivered high quality support and challenge both within the curriculum and operationally, providing previously unavailable professional learning opportunities for our leaders. In June 2021, one of our Executive Headteachers commenced a part-time secondment as an Executive Headteacher at a GLF secondary school, which is already a mutually beneficial partnership for the senior leadership in both schools. Arising from our learning through this partnership work, the Trust has established its own Teaching and Learning Principles that explicitly define our expectations for the learning that our children experience every day.

We successfully transitioned to new leadership in our Trust in January 2021 following the retirement of our founding Chief Executive Officer. The Executive Headteachers of the two schools in our Trust are now undertaking the roles of CEO and Education Director respectively, and together with the Chief Financial and Operating Officer (CFOO) they form our Trust Executive Leadership team.

We have seen improved engagement with parents and Members at our Annual General Meeting with high quality reporting at our Annual General Meeting. The CFOO and the Clerk (who was appointed in November 2020) have improved the quality of reporting to the Trust Board throughout the year. Regular meeting cycles have allowed for the development of strong working relationships between Trustee Leaders and the Executive Leaders.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

We retained the stability of Trust Board leadership but have strengthened the Board through the appointment of two independent appointments, bringing extensive legal and human resourcing expertise to our governance. Annual parent, student and staff surveys in our Trust Schools underpin our self-evaluation and the determination of priorities for School Improvement Planning.

Financial processes and reporting have been strengthened by the CFOO, including migration to new software for financial management, budget planning and payroll. An extensive review and restructure of central Trust staffing during the year led to opportunities for the Trust to recruit external talent to enhance the quality of finance reporting and analysis. Additionally, the Trust has benefitted from successful bids for funding resulting in investment in its schools of £495,000 for capital building projects, including continuing to develop facilities to deliver inclusive education. The Trust has also invested £531,000 in the development of the two school sites, maintaining and refurbishing the facilities to ensure that the full curriculum can be delivered, particularly in PE.

Recruitment to both of our schools remains strong and we are seeing the increasing impact of stronger central support by the Trust for both of its schools on efficiency and value for money. However, the loss of lettings and catering income due to Covid restrictions has continued into 2020-21, and increased pressure on school finances is evident as a result.

The ESFA's agreement to continue to fund Trafalgar School on actual numbers rather than by the normal lagged funding mechanism in previous years has been essential in enabling the Trust to provide the high-quality inclusive education for which it has become renowned. The continued growth at Trafalgar School due its increased popularity since it joined the Trust has created significant challenges in resourcing the delivery of a broad and balanced curriculum experience for all students within the constraints of the lagged funding mechanism. As a result of Covid-related delays, it was not until November 2021 that the ESFA was able to confirm that it would fund Trafalgar School for 2020-21 based on the actual number of students on roll during the year, and hence the Trust reserves will appear to have grown upon the late receipt of this £300,000 income in December 2021 which the Trust was unable to spend during the year to which this report relates on the much-needed capital investment in the Trafalgar School site. Alongside supporting the continued growth of the school, the Trust intends to invest these additional funds during 2021-22 to further improve the facilities in pursuit of our aim to deliver excellent, inclusive education for the children attending Trafalgar School.

The Salterns Academy Trust

Trustees' Report

Achievements and Performance (continued)

As a result of the pandemic, we did not have the support that our schools usually have from their small but committed group of volunteers, which has limited the range of extra-curricular experiences on offer to our children this year and completely eradicated any abilities to fundraise. The virus control measures resulted in considerable disruption to the usual wide range of curriculum opportunities available to our children, most notably in terms of their personal development. Although we endeavoured to replicate celebration events and transition events for our children virtually, we saw a negative impact on the social development of many of our children. This was most noticeable when we were able to reintroduce some off-site educational experiences (such as Duke of Edinburgh and residential camps) in the summer of 2021. The schools continue to pro-actively support students to make up for lost learning arising from Covid restrictions since March 2020.

Key Performance Indicators

Year 11 Outcomes	2021 Teacher Assessed grades	2020 Centre Assessed Grades	2019 Exams	National ³ (2019)
Students achieving grade 4+ at English and Maths	74%	65%	59%	64%
Students achieving grade 5+ at English and Maths	49%	43%	35%	43%
Year 11 Students on roll	369	293	237	n/a

Student Recruitment	2021 ¹	2020 ¹	2019 ¹
Year 7 Students on roll	463 ²	450 ²	436
Student recruitment	103%	100%	109%

Student Roll	2021 ¹	2020 ¹	2019 ¹
Trust Students on roll	2027 ²	1961 ²	1851

¹ Autumn census data

² The published admission number for one of our Trust schools increased permanently from 200 to 250 as part of a planned expansion of the school to provide additional school places to meet basic need in Portsmouth

³ Any comparison between 2019, 2020 and 2021 should consider the differing methodologies each year for the awarding of grades

The Salterns Academy Trust

Trustees' Report

Going Concern

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

Promoting the success of the Trust

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

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

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

The Salterns Academy Trust

Trustees' Report

Promoting the success of the Trust (continued)

The Salterns Academy Trust has developed a Growth Strategy, focussed in 2020/21 on our ambitions for the development of an offer for Portsmouth, which includes:

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

The Salterns Academy Trust

Trustees' Report

Financial Review

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

General Annual Grant (GAG) from the ESFA constitutes most of the Trust income, together with other central Government payments such as the Pupil Premium Grant and, for capital, the Condition Improvement (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 by top slicing 3.1% of the GAG funding from each academy and returning any balances to the schools within the Trust to be spent on improving the life chances of all the students. Other income is retained by the schools. As the Trust develops its core capabilities the top slice figure has been varied each year.

The Trust Board oversees financial control and value for money. A separate Audit and Risk committee oversee internal control and management of risk also exists. Both schools' 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 monthly and are reported to each Trust Board meeting. All major financial decisions are referred to the Trust Board.

Expenditure is targeted against the key Trust objectives and the specific school improvement plans all of which are approved and actively monitored by the Trust. A 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.

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

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

The Salterns Academy Trust

Trustees' Report

Reserves Policy

The 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 2021, including the amount of restricted funds that are not available for the general purposes of the Trust, were:

- Unrestricted (free) reserves of £544,650 (2020: £523,469)
- A restricted fixed asset fund of £24,683,657 (2020: £24,407,321), which can only be realised through disposal of tangible fixed assets
- A pension deficit of £4,868,000 (2020: £4,276,000)
- Other restricted funds of £1,202,665 (2020: £547,129)
- Total funds of £21,562,972 (2020: £21,201,919)

Investment Policy

The Trust's investment objectives are:

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

Principal Risks and Uncertainties

The Trust considers the major risks to be:

- The continuing impact of the COVID-19 pandemic on education, including the progress and wellbeing of students and staff
- 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, as we move towards a National Funding Formula
- Inability to recruit quality staff at all levels including leadership
- Impact of a cyber attack
- Impact of a safeguarding or Prevent event

The Salterns Academy Trust

Trustees' Report

Principal Risks and Uncertainties (continued)

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. There continues to be changing national guidance to follow, and uncertainty about the impact of the Covid and Flu season on the NHS and the Portsmouth community, which may lead to further restrictions on education. In addition, the schools are pro-actively supporting students to make up for lost time due to the impact on learning on 2020-21 – although this was mitigated to some extent by the Chromebook Scheme and the ability for students to learn remotely.

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. Both schools are popular. Admiral Lord Nelson School is full, and Trafalgar School is growing each year towards its maximum capacity. This aids student numbers and recruitment of staff.

The Trust has 3-year budget forecasts and plans with accuracy so that it has advance knowledge of potential shortfalls or surpluses and can adjust plans accordingly. The Trust is in regular contact with the ESFA about all financial matters, including addressing lagged funding for Trafalgar and obtaining the financial settlement the school deserves.

The Trust is actively working in partnership with GLF Schools to ensure continuing school improvement as the schools move on their journey to outstanding.

In terms of cyber security, the Trust undertook a full review of the current infrastructure and reviewed best practice guidance The Trust has:

- Firewall appliance in place.
- Various cyber security defences provided by our internet service provider, RM, including Distributed Denial of Service Attacks (DDoS).
- Offsite back-ups (implemented in late-April) which backs up all critical system with daily updates to the back-ups for any changes.
- Preventing Malware - Mail Filtering and Spam filtering is in place
- There is currently an anti-virus programme on the school equipment.
- All Windows PCs patch themselves automatically straight from Microsoft.
- Cyber insurance policy in place.

Next steps are to implement multi-factor authentication and to complete the self-assessment via Cyber Essentials with a view to achieving Cyber Essential Plus with external moderation and validation). Progress and risks are closely monitored by the Audit and Risk Committee.

The Salterns Academy Trust

Trustees' Report

Fundraising

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

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

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period	1 September 2020 to 31 August 2021	1 September 2019 to 31 August 2020
Energy consumption used to calculate emissions (kWh)	2,854,594	1,987,896
Energy consumption break down (kWh) (optional)		
• gas	1,773,477	1,320,308
• electricity	1,081,116	666,007
• transport fuel	-	1,581
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	326.09	242.77
Owned transport – mini-buses	-	-
<u>Total scope 1</u>	326.09	242.77
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	252.05	155.27
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	-	0.38
<u>Total gross emissions in metric tonnes CO2e</u>	578.14	398.42
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.29	0.22
<u>Quantification and Reporting Methodology:-</u>		
<ul style="list-style-type: none"> • 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. 		
<u>Intensity measurement</u>		
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.		
<u>Measures taken to improve energy efficiency</u>		
We have increased video conferencing technology for staff to reduce the need for travel between sites. We are bidding for new boilers and a boiler management system. We are also bidding for new windows.		

The comparison between 2019/20 and 2020/21 is not a fair comparison due to the effects of the Covid pandemic and associated lockdowns which has skewed what normal usage looks like.

The Salterns Academy Trust

Trustees' Report

Plans for Future Periods

For the academic year 2021/22, The Salterns Academy Trust has set the following strategic priorities:

1. Deliver a range of actions to support our Trust Growth Strategy including developing strong effective partnerships and collaborative working with a range of partners to raise the profile of Salterns Trust locally and nationally as a centre of excellence.

Examples include:

- Leading on Relational and Restorative Practice for the Portsmouth Education Partnership, in collaboration with Portsmouth City Council
 - Leading the local Early Careers Teachers and Leadership programmes, in partnership with HISP Multi-Academy Trust
 - Delivering school improvement across the Trust, in partnership with GLF Schools
2. Improve the progress of groups of students to narrow any gaps, especially those caused by the impact of the Covid pandemic or disadvantage.
 3. Further develop relationships and working practices between the Trust Executive Leaders and the Trustees to deliver appropriate support and challenge in governance.
 4. Continue to improve the Trust's governance systems, processes and reporting mechanisms
 5. Continue to strengthen financial management, planning and reporting to ensure ongoing financial sustainability.
 6. Continue a programme of capital investment in the school buildings, infrastructure, and grounds, supported by bidding for additional capital funding.

Our strategic priorities are underpinned by detailed improvement plans. Through the existing governance arrangements across the Trust, progress against these priorities will be monitored and evaluated.

Our Trust is financially stable, our schools are over-subscribed, and we have a strong reputation for delivering excellent, inclusive education which leads us to now be ambitious for our future. In the past year, despite the challenges of the Covid pandemic, the Trust has shown growth in student recruitment, in improving year 11 outcomes and in the close partnership working we have established with two larger multi-academy trusts based in the South-East of England as well as our growing leadership work within the Portsmouth Education Partnership. We are actively exploring the continued growth of our Trust in seeking to have greater influence over the education of young people in Portsmouth and beyond.

The Salterns Academy Trust

Trustees' Report

Funds Held as Custodian Trustee on Behalf of Others

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

Auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 1 December 2021 and signed on the board's behalf by:

A M Cree

A M Cree (Dec 8, 2021 07:04 GMT)

Andy Cree

Chair of Trustees

The Salterns Academy Trust

Governance Statement

Scope of Responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Salterns 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. The Board of Trustees has formally met eight times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Cree (Chair)	8	8
P Hayes (Vice Chair)	8	8
A Barrett	7	8
A Majekodunmi (joined 19/5/21)	4	4
S Taviner (joined 19/5/21)	3	4
C Copeland	6	8
J Bennett	6	8
N Hardingham	8	8
T Osborne (succeeded by J Beecher)	1	4
J Beecher (joined 31/03/21)	4	4
S Labeledz (resigned 31/12/20)	2	2

The Salterns Academy Trust

Governance Statement

Governance (continued)

The work of the Trust Board is summarised as:

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

Governance reviews:

Due to Covid, there has not been an external governance review in 2020-2021. However, we expect to commission an external review during the summer of 2022, following the adoption of our new Article of Association and reconfiguration of our governance structures.

The Salterns Academy Trust

Governance Statement

Governance (continued)

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Hayes (Chair)	3	3
A Barrett	3	3
A Parry	3	3
N Hardingham (CEO) (Joined 1/1/21)	2	2
S Labeledz (CEO) (resigned 31/12/20)	1	1
C Corcoran (CFOO)	3	3

The CEO and CFOO attend to provide information and discuss relevant matters

The Salterns Academy Trust

Governance Statement

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. A particular example this year has been the procurement for three major capital projects which delivered best value.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Salterns Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process includes the work of the Audit and Risk Committee and is regularly reviewed by the Board of Trustees.

The Salterns Academy Trust

Governance Statement

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Trust Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

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

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

- Cyber-security (brought forward from 2019-20 – delayed)
- GDPR and Data Protection
- Health and Safety

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

For example, the Trust has invested in Cyber Essential Plus to evaluate its position regarding cyber security, following a range of actions taken earlier in the academic year. The outcome of the self-evaluation will feed into the Action Plan which will be presented to the Audit and Risk Committee.

Internal scrutiny and reviews are also commissioned by the schools in the Trust in relation to the operations of the school. These are reported to the Audit and Risk Committee in the annual Internal Scrutiny Report.

The Salterns Academy Trust

Governance Statement

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

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

Approved by order of the members of the Board of Trustees on 1 December 2021 and signed on its behalf by:


A M Cree (Dec 8, 2021 07:04 GMT)

Andy Cree
Chair of Trustees


Nys Hardingham (Dec 8, 2021 07:28 GMT)

Nys Hardingham
Accounting Officer

The Salterns Academy Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of The Salterns Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding 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 2020.

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 2020.

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


Nys Hardingham (Dec 8, 2021 07:28 GMT)

Nys Hardingham
Accounting Officer
1 December 2021

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 2020 to 2021
- 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 1 December 2021 and signed on its behalf by:


A M Cree (Dec 8, 2021 07:04 GMT)

Andy Cree
Chair of Trustees

The Salterns Academy Trust

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

Opinion

We have audited the financial statements of The Salterns Academy Trust ('the charitable company') for the year ended 31 August 2021 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 2020 to 2021 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 2021 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 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

The Salterns Academy Trust

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Trustees' Report (including the Strategic Report), and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

The Salterns Academy Trust

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

Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable 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.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Academy Trust, and the sector in which it operates. These include but are not limited to compliance with the Companies Act 2006, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019, the Academies Financial Handbook 2020, and the Academies Accounts Direction 2020 to 2021.
- We obtained an understanding of how the Academy Trust is complying with these frameworks through discussions with management.

The Salterns Academy Trust

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

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

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

Use of our report

This report is made solely to the charitable company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Michaela Johns

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

Date 08/12/2021

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 10 August 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Salterns Academy Trust's funding agreement with the Secretary of State for Education dated 4 March 2014 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

The Salterns Academy Trust

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (effective from 1 September 2020) (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 Notices to Improve which have been issued to the Academy Trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the 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 2020 to 31 August 2021 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 08/12/2021

The Salterns Academy Trust

Statement of Financial Activities for the year ended 31 August 2021 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2020/21 Total £	2019/20 Total £
Income and endowments from:							
Donations and capital grants	2	-	16,563	-	585,105	601,668	53,998
Charitable activities:							
Funding for the academy trust's educational operations							
	3	-	12,778,526	-	-	12,778,526	10,922,157
Other trading activities	4	20,942	-	-	-	20,942	93,363
Investments	5	239	-	-	-	239	967
Total		21,181	12,795,089	-	585,105	13,401,375	11,070,485
Expenditure on:							
Charitable activities:							
Academy trust educational operations							
	7	-	11,560,283	717,000	588,039	12,865,322	11,253,643
Net income / (expenditure)		21,181	1,234,806	(717,000)	(2,934)	536,053	(183,158)
Transfers between funds	17	-	(279,270)	-	279,270	-	-
Other recognised gains / (losses):							
Actuarial gains / (losses) on defined benefit pension schemes							
	27	-	-	125,000	-	125,000	(505,000)
Net movement in funds		21,181	955,536	(592,000)	276,336	661,053	(688,158)
Reconciliation of funds							
Total funds brought forward		523,469	547,129	(4,276,000)	24,407,321	21,201,919	21,890,077
Total funds carried forward		544,650	1,502,665	(4,868,000)	24,683,657	21,862,972	21,201,919

The notes on pages 40 to 64 form part of these financial statements.

The Salterns Academy Trust

Balance Sheet as at 31 August 2021

Company Number 08921490

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	12		24,472,512		24,286,008
Current assets					
Stock	13	-		848	
Debtors	14	1,759,388		774,465	
Cash at bank and in hand		<u>1,981,164</u>		<u>1,608,837</u>	
		3,740,552		2,384,150	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(1,385,759)</u>		<u>(1,063,879)</u>	
Net current assets			<u>2,354,793</u>		<u>1,320,271</u>
Total assets less current liabilities			26,827,305		25,606,279
Creditors:					
Amounts falling due after more than one year	16		<u>(96,333)</u>		<u>(128,360)</u>
Net assets excluding pension liability			26,730,972		25,477,919
Defined benefit pension scheme liability	27		(4,868,000)		(4,276,000)
Total net assets			<u>21,862,972</u>		<u>21,201,919</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	17	24,683,657		24,407,321	
Restricted income fund	17	1,502,665		547,129	
Pension reserve	17	<u>(4,868,000)</u>		<u>(4,276,000)</u>	
Total restricted funds			21,318,322		20,678,450
Unrestricted income funds	17		544,650		523,469
Total funds			<u>21,862,972</u>		<u>21,201,919</u>

The financial statements on pages 37 to 64 were approved by the trustees and authorised for issue on 1 December 2021 and are signed on their behalf by:

A M Cree

A M Cree (Dec 8, 2021 07:04 GMT)

Andy Cree

Chair of Trustees

The notes on pages 40 to 64 form part of these financial statements.

The Salterns Academy Trust

Statement of Cash Flows for the year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	593,553	926,762
Cash flows from financing activities	22	(32,027)	(32,027)
Cash flows from investing activities	23	(189,199)	(820,464)
Change in cash and cash equivalents in the reporting period		<u>372,327</u>	<u>74,271</u>
Cash and cash equivalents at 1 September 2020		1,608,837	1,534,566
Cash and cash equivalents at 31 August 2021	24	<u>1,981,164</u>	<u>1,608,837</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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 2020 to 2021 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 2021

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'.

- Donated fixed assets (excluding Transfers on conversion/into the Academy Trust)

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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

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 2021

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Financial Instruments

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

Financial assets

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

Cash at bank

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

Financial liabilities

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

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 2021

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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 2021. 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 27.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
Capital grants	-	577,572	577,572	32,539
Donated fixed assets	-	7,533	7,533	-
Other donations	-	16,563	16,563	21,459
	-	601,668	601,668	53,998
Total 2020	21,459	32,539	53,998	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	10,360,675	10,360,675	9,363,691
Pupil Premium	-	555,156	555,156	497,216
Rates reclaim	-	56,091	56,091	61,586
Year 7 catch up grant	-	-	-	39,397
Teachers' pay grant	-	131,205	131,205	122,130
Teachers' pension grant	-	370,752	370,752	345,107
Other DfE grants	-	51,755	51,755	24,640
	-	11,525,634	11,525,634	10,453,767
Other government grants				
Local authority grants	-	626,651	626,651	165,264
Other government grants	-	8,677	8,677	-
	-	635,328	635,328	165,264
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	-	158,120	158,120	-
Coronavirus exceptional support	-	-	-	12,220
Summer schools programme fund	-	12,418	12,418	-
	-	170,538	170,538	12,220
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	-	-	4,316
Other Coronavirus funding	-	80,560	80,560	-
	-	80,560	80,560	4,316
Other income from the Academy Trust's educational operations				
Trip income	-	9,139	9,139	45,821
Catering income	-	118,035	118,035	127,944
Other income	-	239,292	239,292	112,825
	-	366,466	366,466	286,590
	-	12,778,526	12,778,526	10,922,157
Total 2020	-	10,922,157	10,922,157	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

3 Funding for the Academy Trust's educational operations (continued)

Following the reclassification of some grants received from the Department for Education and the ESFA in the Academies Accounts Direction 2020/21, the Academy Trust's funding for Rates reclaim, Year 7 catch up grant, Teachers' pay grant, and Teachers' pension grant are no longer reported under the General Annual Grant (GAG) and Other DfE grants headings, but as separate lines under the DfE/ESFA grants heading. The prior year numbers have been reclassified.

The Academy Trust received £158,120 of funding for catch-up premium and costs incurred in respect of this funding totalled £40,351, with the remaining £117,769 to be spent in 2021/22.

The Academy Trust received other Coronavirus funding in respect of mass testing funding.

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
Hire of facilities	20,942	-	20,942	83,686
Music tuition income	-	-	-	2,040
Sale of goods and services	-	-	-	7,637
	<u>20,942</u>	<u>-</u>	<u>20,942</u>	<u>93,363</u>
Total 2020	<u>93,363</u>	<u>-</u>	<u>93,363</u>	

5 Investment income

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
Short term deposits	239	-	239	967
	<u>967</u>	<u>-</u>	<u>967</u>	
Total 2020	<u>967</u>	<u>-</u>	<u>967</u>	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2020/21 £	Total 2019/20 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	8,060,712	-	676,311	8,737,023	7,103,658
Allocated support costs	1,994,342	874,783	1,259,174	4,128,299	4,149,985
	<u>10,055,054</u>	<u>874,783</u>	<u>1,935,485</u>	<u>12,865,322</u>	<u>11,253,643</u>
Total 2020	<u>9,086,057</u>	<u>547,373</u>	<u>1,620,213</u>	<u>11,253,643</u>	

Net income/(expenditure) for the period includes:

	2020/21 £	2019/20 £
Operating lease rentals	125,087	100,186
Depreciation	588,039	502,950
(Gain)/loss on disposal of fixed assets	-	(158)
Fees payable to auditor for:		
Audit	11,300	12,070
Other services	<u>8,880</u>	<u>5,260</u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Unrecoverable debts	879	-	-

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

7 Charitable activities

	2020/21 Total £	2019/20 Total £
Direct costs	8,737,023	7,103,658
Support costs	4,128,299	4,149,985
	<u>12,865,322</u>	<u>11,253,643</u>

Analysis of support costs:

	Educational operations £	2020/21 Total £	2019/20 Total £
Support staff costs	1,994,342	1,994,342	2,421,592
Depreciation	588,039	588,039	502,950
Technology costs	136,867	136,867	111,609
Premises costs	874,783	874,783	547,373
Legal costs - other	15,839	15,839	-
Other support costs	491,414	491,414	549,131
Governance costs	27,015	27,015	17,330
Total support costs	<u>4,128,299</u>	<u>4,128,299</u>	<u>4,149,985</u>
Total 2020	<u>4,149,985</u>	<u>4,149,985</u>	

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

8 Staff

a) Staff costs

Staff costs during the period were:

	2020/21	2019/20
	£	£
Wages and salaries	7,199,223	6,671,758
Social security costs	754,416	635,199
Pension costs	2,101,415	1,762,350
	<u>10,055,054</u>	<u>9,069,307</u>
Agency staff costs	-	16,750
	<u>10,055,054</u>	<u>9,086,057</u>

b) Staff numbers

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

	2020/21	2019/20
	No.	No.
Teachers	113	105
Administration and support	142	144
Management	12	13
	<u>267</u>	<u>262</u>

c) Higher paid staff

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

	2020/21	2019/20
	No.	No.
£60,001 - £70,000	4	4
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	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 £1,162,198 (2020: £1,184,961).

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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:

		2020/21	2019/20
		£000	£000
S Labeledz (Staff trustee to 31 December 2020)	Remuneration	20-25	95-100
	Employer's pension contributions paid	-	15-20
N Hardingham (Staff trustee)	Remuneration	105-110	95-100
	Employer's pension contributions paid	25-30	20-25
C Copeland (Staff trustee)	Remuneration	90-95	80-85
	Employer's pension contributions paid	20-25	15-20

During the period ended 31 August 2021, travel expenses totalling £45 were reimbursed or paid directly to one trustee (2020: £348 to two 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 2021

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 - 3.1% (2020: 2.9%). The actual amounts charged during the year were as follows:

	2020/21	2019/20
	£	£
Admiral Lord Nelson School	169,596	147,897
Trafalgar School	153,000	119,101
	<u>322,596</u>	<u>266,998</u>

12 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost					
At 1 September 2020	11,469,037	14,869,908	224,761	387,721	26,951,427
Acquisitions	380,699	141,650	88,005	164,189	774,543
At 31 August 2021	<u>11,849,736</u>	<u>15,011,558</u>	<u>312,766</u>	<u>551,910</u>	<u>27,725,970</u>
Depreciation					
At 1 September 2020	823,023	1,477,265	155,485	209,646	2,665,419
Charged in year	207,630	276,220	27,828	76,361	588,039
At 31 August 2021	<u>1,030,653</u>	<u>1,753,485</u>	<u>183,313</u>	<u>286,007</u>	<u>3,253,458</u>
Net book values					
At 31 August 2020	10,646,014	13,392,643	69,276	178,075	24,286,008
At 31 August 2021	<u>10,819,083</u>	<u>13,258,073</u>	<u>129,453</u>	<u>265,903</u>	<u>24,472,512</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

13 Stock

	2020/21	2019/20
	£	£
Uniform stocks	-	848

14 Debtors

	2020/21	2019/20
	£	£
Trade debtors	10,104	11,174
VAT recoverable	116,689	129,916
Other debtors	35	-
Prepayments and accrued income	1,632,560	633,375
	<u>1,759,388</u>	<u>774,465</u>

15 Creditors: amounts falling due within one year

	2020/21	2019/20
	£	£
Trade creditors	201,900	351,317
Loans falling due within one year	32,027	32,027
Other creditors falling due within one year	120,606	130,296
Accruals and deferred income	1,031,226	550,239
	<u>1,385,759</u>	<u>1,063,879</u>

	2020/21	2019/20
	£	£
Deferred income at 1 September 2020	419,472	139,216
Released from previous years	(419,472)	(139,216)
Resources deferred in the year	840,754	419,472
Deferred income at 31 August 2021	<u>840,754</u>	<u>419,472</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.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

16 Creditors: amounts falling due in greater than one year

	2020/21	2019/20
	£	£
Loans falling due in greater than one year	96,333	128,360

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

17 Funds

	Balance at 1 September 2020	Income	Expenditure	Transfers	Gains and losses	Balance at 31 August 2021
	£	£	£	£	£	£
Restricted general funds						
General Annual Grant (GAG)	547,129	10,360,675	(9,243,638)	(279,270)	-	1,384,896
Pupil premium	-	555,156	(555,156)	-	-	-
Rates reclaim	-	56,091	(56,091)	-	-	-
Teachers' pay grant	-	131,205	(131,205)	-	-	-
Teachers' pension grant	-	370,752	(370,752)	-	-	-
Other DfE grants	-	51,755	(51,755)	-	-	-
Local authority grants	-	626,651	(626,651)	-	-	-
Other government grants	-	8,677	(8,677)	-	-	-
Catch-up premium	-	158,120	(40,351)	-	-	117,769
Summer schools programme	-	12,418	(12,418)	-	-	-
Other Coronavirus funding	-	80,560	(80,560)	-	-	-
Other educational activities	-	383,029	(383,029)	-	-	-
	<u>547,129</u>	<u>12,795,089</u>	<u>(11,560,283)</u>	<u>(279,270)</u>	<u>-</u>	<u>1,502,665</u>
Pension reserve	<u>(4,276,000)</u>	<u>-</u>	<u>(717,000)</u>	<u>-</u>	<u>125,000</u>	<u>(4,868,000)</u>
	<u>(3,728,871)</u>	<u>12,795,089</u>	<u>(12,277,283)</u>	<u>(279,270)</u>	<u>125,000</u>	<u>(3,365,335)</u>
Restricted fixed asset funds						
Fixed asset fund	24,286,008	-	(588,039)	774,543	-	24,472,512
ESFA capital grants (DFC)	-	38,856	-	(38,856)	-	-
Other capital grants	121,313	538,716	-	(448,884)	-	211,145
Donated fixed assets	-	7,533	-	(7,533)	-	-
	<u>24,407,321</u>	<u>585,105</u>	<u>(588,039)</u>	<u>279,270</u>	<u>-</u>	<u>24,683,657</u>
Total restricted funds	<u>20,678,450</u>	<u>13,380,194</u>	<u>(12,865,322)</u>	<u>-</u>	<u>125,000</u>	<u>21,318,322</u>
Total unrestricted funds	<u>523,469</u>	<u>21,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,650</u>
Total funds	<u>21,201,919</u>	<u>13,401,375</u>	<u>(12,865,322)</u>	<u>-</u>	<u>125,000</u>	<u>21,862,972</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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.

Local authority grants

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

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

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

Fixed asset fund

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

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on 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 2021.

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

17 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2020/21	2019/20
	£	£
Admiral Lord Nelson School	822,862	456,247
Trafalgar School	1,229,852	612,876
Central services	(5,399)	1,475
Total before fixed assets and pension reserve	<u>2,047,315</u>	<u>1,070,598</u>
Restricted fixed asset fund	24,683,657	24,407,321
Pension reserve	(4,868,000)	(4,276,000)
Total	<u>21,862,972</u>	<u>21,201,919</u>

The following academy is carrying a net deficit on its portion of the funds as follows:

	£
Central services	<u>5,399</u>

The Academy Trust is taking the following action to return the academy to surplus:

The deficit on central services was due to expenditure on high-risk items which emerged during the year, and will be addressed through an increase in the top slice in 2021/22.

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) £	2020/21 Total £	2019/20 Total £
Admiral Lord Nelson School	4,426,065	1,107,553	356,907	897,629	6,788,154	6,201,128
Trafalgar School	3,634,647	886,789	319,404	648,289	5,489,129	4,549,565
	<u>8,060,712</u>	<u>1,994,342</u>	<u>676,311</u>	<u>1,545,918</u>	<u>12,277,283</u>	<u>10,750,693</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

17 Funds (continued)

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

	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	9,363,691	(8,773,385)	(141,125)	-	547,129
Pupil premium	-	497,216	(497,216)	-	-	-
Rates reclaim	-	61,586	(61,586)	-	-	-
Year 7 catch up grant	-	39,397	(39,397)	-	-	-
Teachers' pay grant	-	122,130	(122,130)	-	-	-
Teachers' pension grant	-	345,107	(345,107)	-	-	-
Other DfE grants	-	24,640	(24,640)	-	-	-
Local authority grants	-	165,264	(165,264)	-	-	-
Coronavirus exceptional supt.	-	12,220	(12,220)	-	-	-
Coronavirus Job Retention Sch.	-	4,316	(4,316)	-	-	-
Other educational activities	-	286,590	(286,590)	-	-	-
	97,948	10,922,157	(10,331,851)	(141,125)	-	547,129
Pension reserve	(3,352,000)	-	(419,000)	-	(505,000)	(4,276,000)
	(3,254,052)	10,922,157	(10,750,851)	(141,125)	(505,000)	(3,728,871)
Restricted fixed asset funds						
Fixed asset fund	23,934,830	-	(502,792)	853,970	-	24,286,008
ESFA capital grants (DFC)	13,031	36,637	-	(49,668)	-	-
ESFA capital grants (CIF)	532,916	(47,571)	-	(485,345)	-	-
Other capital grants	255,672	43,473	-	(177,832)	-	121,313
	24,736,449	32,539	(502,792)	141,125	-	24,407,321
Total restricted funds	21,482,397	10,954,696	(11,253,643)	-	(505,000)	20,678,450
Total unrestricted funds	407,680	115,789	-	-	-	523,469
Total funds	21,890,077	11,070,485	(11,253,643)	-	(505,000)	21,201,919

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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	-	-	-	24,472,512	24,472,512
Current assets	544,650	2,984,757	-	211,145	3,740,552
Current liabilities	-	(1,385,759)	-	-	(1,385,759)
Non-current liabilities	-	(96,333)	-	-	(96,333)
Pension scheme liability	-	-	(4,868,000)	-	(4,868,000)
Total net assets	544,650	1,502,665	(4,868,000)	24,683,657	21,862,972

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	-	-	-	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

19 Capital commitments

	2020/21	2019/20
	£	£
Contracted for, but not provided in the financial statements	271,733	177,840

20 Long-term commitments, including operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020/21	2019/20
	£	£
Amounts due within one year	61,597	116,919
Amounts due between one and five years	77,385	130,430
	138,982	247,349

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

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

	2020/21	2019/20
	£	£
Net income / (expenditure) for the reporting period	536,053	(183,158)
Adjusted for:		
Depreciation	588,039	502,950
(Gain)/loss on disposal of fixed assets	-	(158)
Capital grants from DfE and other capital income	(585,105)	(32,539)
Interest receivable	(239)	(967)
Defined benefit pension scheme cost less contributions payable	647,000	359,000
Defined benefit pension scheme finance cost	70,000	60,000
Decrease / (increase) in stocks	848	(848)
(Increase) / decrease in debtors	(984,923)	309,309
Increase / (decrease) in creditors	321,880	(86,827)
Net cash provided by Operating Activities	<u>593,553</u>	<u>926,762</u>

22 Cash flows from financing activities

	2020/21	2019/20
	£	£
Repayments of borrowing	(32,027)	(32,027)
Net cash used in financing activities	<u>(32,027)</u>	<u>(32,027)</u>

23 Cash flows from investing activities

	2020/21	2019/20
	£	£
Dividends, interest and rents from investments	239	967
Proceeds from sale of tangible fixed assets	-	450
Purchase of tangible fixed assets	(767,010)	(854,420)
Capital grants from DfE Group	577,572	32,539
Net cash used in investing activities	<u>(189,199)</u>	<u>(820,464)</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

24 Analysis of cash and cash equivalents

	2020/21	2019/20
	£	£
Cash at bank and in hand	<u>1,981,164</u>	<u>1,608,837</u>

25 Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2021 £
Cash	1,608,837	372,327	-	-	-	1,981,164
Loans falling due within one year	(32,027)	-	-	-	-	(32,027)
Loans falling due after more than one year	(128,360)	32,027	-	-	-	(96,333)
Total	<u>1,448,450</u>	<u>404,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,852,804</u>

26 Members liability

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

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

27 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.

Contributions amounting to £18,749 were payable to the schemes at 31 August 2021 (2020: £nil) and are included within creditors.

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The 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 Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

27 Pension and similar obligations (continued)

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 £1,117,899 (2020: £1,010,805).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was as follows:

	2021	2020
	£	£
Employer's contributions	387,000	345,000
Employees' contributions	120,000	94,000
	<u>507,000</u>	<u>439,000</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

	2021	2020
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment/inflation	2.7%	2.3%
Discount rate for scheme liabilities	1.7%	1.7%
Inflation assumption (CPI)	<u>2.7%</u>	<u>2.3%</u>

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

	2021	2020
Retiring today		
Males	23.1	23.0
Females	<u>25.5</u>	<u>25.5</u>
Retiring in 20 years		
Males	24.8	24.7
Females	<u>27.3</u>	<u>27.2</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

27 Pension and similar obligations (continued)

Sensitivity analysis

Increase/(reduction) in
defined benefit
obligation

	2021	2020
	£	£
Discount rate +0.1%	(285,000)	(236,000)
Discount rate -0.1%	285,000	236,000
Mortality assumption – 1 year increase	459,000	363,000
Mortality assumption – 1 year decrease	(447,000)	(354,000)

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

	2021	2020
	£	£
Equities	4,211,000	3,307,000
Gilts	1,328,000	1,132,000
Property	448,000	350,000
Cash	51,000	93,000
Other	1,299,000	951,000
Total market value of assets	<u>7,337,000</u>	<u>5,833,000</u>

The actual return on scheme assets was £1,090,000 (2020: -£226,000).

Amount recognised in the Statement of Financial Activities

	2020/21	2019/20
	£	£
Current service cost	1,034,000	704,000
Interest income	(102,000)	(110,000)
Interest cost	172,000	170,000
Total amount recognised in the SOFA	<u>1,104,000</u>	<u>764,000</u>

The Salterns Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2021

27 Pension and similar obligations (continued)

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

	2020/21	2019/20
	£	£
At 1 September	10,109,000	9,202,000
Current service cost	1,034,000	704,000
Interest cost	172,000	170,000
Employee contributions	120,000	94,000
Actuarial loss	863,000	169,000
Benefits paid	(93,000)	(230,000)
At 31 August	<u>12,205,000</u>	<u>10,109,000</u>

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

	2020/21	2019/20
	£	£
At 1 September	5,833,000	5,850,000
Interest income	102,000	110,000
Actuarial gain / (loss)	988,000	(336,000)
Employer contributions	387,000	345,000
Employee contributions	120,000	94,000
Benefits paid	(93,000)	(230,000)
At 31 August	<u>7,337,000</u>	<u>5,833,000</u>

28 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.