

The Salterns Academy Trust  
(A Company Limited by Guarantee)  
Annual Report and Financial Statements  
Year ended 31 August 2019

Company Registration Number:  
08921490 (England and Wales)

# The Salterns Academy Trust

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# The Salterns Academy Trust

## Reference and Administrative Details

### **Members:**

D Giles  
M Park  
S Taviner

### **Trustees:**

A Barrett  
J Bennett (appointed 1 November 2019)  
C Copeland  
A Cree  
F Drummond  
N Hardingham  
P Hayes  
S Labeledz  
T Osborne  
M Park (resigned 6 February 2019)  
M Phillips  
M Stratton (resigned 13 September 2018)  
S Wilson (appointed 13 September 2018, resigned 31 August 2019)

### **Senior Management Team:**

Steven Labeledz	Executive Head Teacher
Roberta Young	HR Director (to 15 September 2019)

#### *Admiral Lord Nelson School*

Nys Hardingham	Head Teacher
Chris Doherty	Deputy Head Teacher
Matt Hutton	Deputy Head Teacher
Stephen Fenner	Assistant Head Teacher
Davina Wise	Assistant Head Teacher
Katie Holness	Assistant Head Teacher

#### *Trafalgar School*

Claire Copeland	Head Teacher
Gemma Pearse	Deputy Head Teacher
Annika Ghose	Assistant Head Teacher
Alice Raeburn	Assistant Head Teacher
Mark Cathie	Assistant Head Teacher

# The Salterns Academy Trust

## Reference and Administrative Details

### **Company Name**

The Salterns Academy Trust

### **Principal and Registered Office**

Admiral Lord Nelson School

Dundas Lane

Portsmouth

Hampshire

PO3 5XT

### **Company Registration Number**

08921490 (England and Wales)

### **Independent Auditor**

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

### **Bankers**

Lloyds Bank Plc

38 London Road

North End

Portsmouth

PO2 0LR

### **Solicitors**

Stone King LLP

91 Charterhouse Street

London

EC10 6HR

# The Salterns Academy Trust

## Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two academies for students aged 11-16 in the North Island area of Portsmouth. Its academies have a combined student capacity of 2000 growing over time to 2310 and had a roll of 1705 in the school census of October 2018.

### **Structure, Governance and Management**

#### **Constitution**

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

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

#### **Members' Liability**

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

#### **Trustees' Indemnities**

This is addressed within the Risk Protection Arrangement (RPA).

#### **Method of Recruitment and Appointment or Election of Trustees**

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

- The Chief Executive Officer (CEO)
- Up to seven directors appointed by the trust members. The members entitled to make such appointments in the period are as detailed on page 1 of this report.
- Up to three co-opted directors appointed by the other directors excluding the other co-opted directors. The directors entitled to make such appointments in the period are as detailed on page 1 of this report.
- The trust chooses not to appoint any parent directors as there are a minimum of 2 parent governors on each school's Local Governing Body (LGB)

# The Salterns Academy Trust

## Trustees' Report

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

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

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

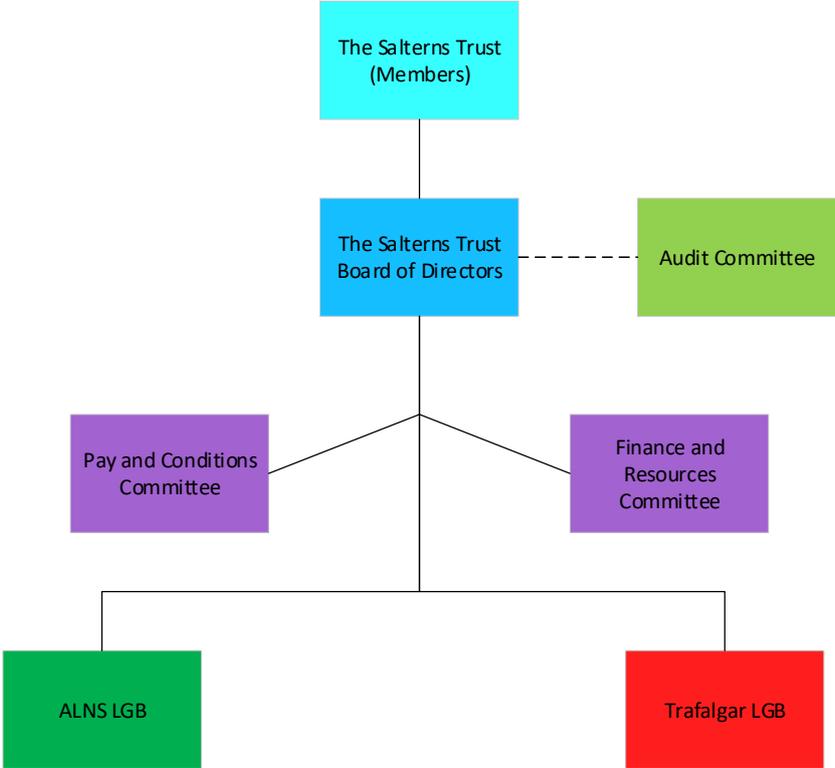
Through its independent directors and co-opted directors the trust works to maintain a balance of professional and local community input to the trust board.

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

### Policies and Procedures Adopted for the Induction and Training of Trustees

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

### Organisational Structure



# The Salterns Academy Trust

## Trustees' Report

### **Organisational Structure (continued)**

Trust purposes:

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

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

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

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

# The Salterns Academy Trust

## Trustees' Report

### Arrangements for setting pay and remuneration of key management personnel

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

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

### Trade union facility time

#### *Relevant union officials*

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

#### *Percentage of time spent on facility time*

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

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	£1,402
Total pay bill	£8,409,495
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	-
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### Related Parties and other Connected Charities and Organisations

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

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

# The Salterns Academy Trust

## Trustees' Report

### **Objectives and Activities**

#### **Objects and Aims**

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

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

#### **Objectives, Strategies and Activities**

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

#### **Key Strategies:**

- to devise a growth strategy for long term development and sustainability of the Trust
- to ensure that both schools continue their journeys to outstanding
- to ensure that both schools grow effectively
- to ensure the financial stability of the schools
- to ensure that, over a two-year period, boys achievement reaches is at or above the national average for progress

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

Admiral Lord Nelson School (ALNS) has challenged this trend for many years: achievement is well above average, very few students become "NEET" and numbers well above the Portsmouth average go on to University and pursue commensurate careers. The trust's activities are geared to providing the appropriate support and challenge for ALNS to continue to improve while, at the same time, bringing this same level of rigour and opportunity to the youngsters at Trafalgar School (TS). Achievement has improved at Trafalgar, especially in the core academic subjects and particularly judged against previous LA targets and even more ambitious targets and systems have been introduced to boost achievement still further. Both schools are currently graded "Good" by Ofsted. A pilot inspection under the new Ofsted framework at ALNS in spring 2019 suggested that this judgement could be upgraded at the next inspection.

# The Salterns Academy Trust

## Trustees' Report

### **Public Benefit**

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. We believe that by providing two high achieving schools in our area of Portsmouth we will provide opportunity for the children of local residents to receive an excellent education. This in turn will open doors for them to reach their full potential, thereby benefiting themselves and the wider Portsmouth community. By deliberately growing the capacity at both schools, we can reach a greater number of youngsters.

### **Strategic Report**

#### **Achievements and Performance**

The Trust's objectives from the previous year were largely achieved as follows:

#### *Admiral Lord Nelson School*

- ALNS student outcomes remained strong with significant improvements in many areas,
- ALNS was recognized for the excellence of its curriculum by winning the TES Creative School of the Year award and also by being nominated for the International School of the Year award.
- ALNS achieved the Sportsmark Gold award for the strength of its PE offer
- A teams of Her Majesty's Inspectors carried out a full pilot inspection using the new Ofsted framework and gave glowing feedback about the curriculum, student health and well-being and the strength of the school's leadership
- Recruitment to the school remained very strong
- The Local Authority (LA) are funding a £4.6m expansion build so that the school can accommodate an extra 250 students to meet local need.
- An extra £0.8m has been invested in the school to replace the leaking flat roofs

#### *Trafalgar School*

- Educational performance standards at TS were in line with predictions and showed further improvements in the core subjects of English and science together with some outstanding performances by a range of subjects
- TS continued to grow massively in student numbers starting academic year 2019/20 with 800 students, more than a doubling in size since the school joined the trust in 2015,
- TS was awarded the Silver Rights Respecting Schools mark for its excellent work in personal development and student voice

# The Salterns Academy Trust

## Trustees' Report

### Achievements and Performance (continued)

#### Finances

- In a very tight financial climate, the trust has managed to ensure both schools can run successfully within expected budgets
- The ESFA has agreed to continue to fund the growth at TS on actual student numbers, which removes significant uncertainty about the budget for 2019-20 and is the fairest way of funding the significant growth
- TS has continued to build back the Trust reserves which were used to allow it to stay open in 2015/16
- The trust received a positive Strategic Resource Management Advisor (SRMA) visit and report in the spring term, as part of the continued funding variation for TS.

### Key Performance Indicators

(Provisional data)

KPI	National Figure	ALNS 2019	ALNS 2018	Trafalgar 2019	Trafalgar 2018
4+EM	64%	62%	65%	48%	48%
Progress 8	-0.03	-0.1	-0.11	-0.49	-0.74
Attainment 8	46.55	43.21	45.9	36.5	35.9
Attendance	94.80%	93.20%	94%	92.90%	94.50%
Student Recruitment	n/a	110%	100%	108%	92%

#### Financial performance

As detailed elsewhere, the trust completed the year with a positive balance despite the reduction in per pupil income, due to ongoing Government cut-backs, and significant increases in externally-determined costs. Some additional in-year income from the Government helped in this respect. The mechanism of funding Trafalgar School on actual pupil numbers, credited from the February payments onwards, and the agreement to return the Pupil Number Adjustment (PNA) overpayment over two years allowed the trust to manage cash flow issues very successfully. Consultation on an improved Growth Funding settlement, proposed by and heavily supported by the trust, is happening now, so that the local Schools Forum can take a decision ready for the increase in numbers in 2020-21.

#### Going Concern

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

# The Salterns Academy Trust

## Trustees' Report

### **Financial Review**

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

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

The trust operated in 2018-19 by top slicing 3.9% of the GAG funding from each academy and returning any balances to the schools within the Trust to be spent on improving the life chances of all the students. Other income is retained by the schools. As the trust develops its core capabilities the top slice figure has been varied each year.

The trust has established a finance and resources committee to oversee financial control and value for money. A trustee with a financial background takes the role of chair of this committee and is also the attached finance director. A separate audit committee to oversee internal control and management of risk also exists. Both schools' LGBs have delegated authority to recommend and monitor the school budget, reporting to the trust. Management accounts are sent to the chair of the trust and the finance director and are also scrutinized at the finance and resources committee and the trust board. All major financial decisions are referred to the trust board meetings.

Expenditure is targeted against the key trust objectives and the specific school improvement plans all of which are approved and actively monitored by the trust. A large proportion of the money is committed to staffing costs, which includes both teachers and support staff. Staffing structures are approved annually and any changes in positions or salaries including the remuneration of all senior staff require trust approval, through its delegated pay and conditions committee. The trust carries an ongoing liability for the Local Government pension scheme, which is reviewed every three years.

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

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

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

# 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 2019 were as follows:

- Unrestricted (free) reserves of £407,680
- A restricted fixed asset fund of £24,736,449, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £3,352,000
- Other restricted funds of £97,948
- Total funds of £21,890,077

### Investment Policy

The trust's investment objectives are:

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

### Principal Risks and Uncertainties

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

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

The trust understands that the management of the first risk is best achieved by maintaining and enhancing the reputations of the two academies for delivering excellent education within the city, which is why it focuses its strategic monitoring on school performance.

The trust has also developed its capability to forecast 3 to 5 year budget plans with accuracy so that it has advance knowledge of potential shortfalls or surpluses and can adjust plans accordingly. The trust is in regular contact with the ESFA about all financial matters.

# The Salterns Academy Trust

## Trustees' Report

### **Principal Risks and Uncertainties (continued)**

The trust is actively engaged in discussions with the LA about future growth in size of its academies and with other trusts and the University of Portsmouth about the potential for a larger Multi-Academy Trust (MAT).

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

### **Fundraising**

As part of its work within the wider community, the schools within the academy trust undertake fundraising activities, for example through non-uniform days, cakes sales and sponsored activities. The vast majority of this fundraising is for the purpose of charitable giving which is split between local, national and international charities, including our partner schools in the Gambia. Trust schools undertake all such activities themselves, with the help of their students and families. We confirm that when fundraising:

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

### **Plans for Future Periods**

The main objectives over the next financial year are:

- to devise the plan to ensure the long term development and sustainability of the Trust
- to ensure that both schools continue their journeys to outstanding
- to ensure that both schools grow effectively
- to ensure the financial stability of the schools
- to continue to improve the buildings at both schools to provide the best possible learning environment for our students
- to ensure that, over a two-year period, boys' progress is at or above the national average

### **Funds Held as Custodian Trustee on Behalf of Others**

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

# The Salterns Academy Trust

## Trustees' Report

### **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 4 December 2019 and signed on the board's behalf by:

**A Cree**

Trustee

# The Salterns Academy Trust

## Governance Statement

### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer (CEO), as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Salterns Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees Report and in the Statement of Trustees Responsibilities. The Board of Trustees has formally met five times during the period. Attendance during the period at meetings of the board of trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Steven Labeledz, CEO and Accounting Officer	6	6
Andy Cree members appointee	5	6
Paul Hayes members appointee	5	6
Flick Drummond, co-opted appointee	5	6
Amanda Barrett co-opted appointee	3	6
Maria Phillips co-opted appointee	6	6
Nys Hardingham, Headteacher ALNS ex officio	2	6
Claire Copeland Headteacher TS ex officio	2	6
Tania Osborne Chair ALNS ex officio	1	6
Sue Wilson Chair TS ex officio	1	6

An external clerk started work in September 2018 and has brought really good organisational skills to the working of the board and its committees. The chair and vice-chair continued into their second year bringing stability to the leadership of the board, which aimed to empower the schools and their LGBs to improve the life chances of our students yet further.

### *Finance and Resources Committee*

Salterns Trust Board takes full responsibility for the financial management of the trust. The finance and resources committee ensures that decisions taken in operating the trust provide full value for money and the highest levels of propriety. The tasks of recommending and then monitoring the two schools' in-house budgets are delegated to the Local Governing Bodies.

# The Salterns Academy Trust

## Governance Statement

### **Governance (continued)**

#### *Audit Committee*

The Salterns Trust Board has resolved to have an audit committee to advise the board on matters relating to the trust's audit arrangements, systems of internal control and risk management. The committee is responsible to the board. The CEO and finance director attend, but are not voting members of the committee

#### *Pay and Conditions Committee*

The Salterns Trust Board has resolved to have a pay and conditions committee to advise the board on matters relating to the trust's staffing organisation and all matters relating to pay and appraisal arrangements. The committee is responsible to the board. The committee has delegated powers to determine the pay policy and annual salary for all staff in the trust and to approve the organisation structure.

Meetings and attendance at these meetings are as follows:

<b>Finance and Resources Committee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Maria Phillips	4	4
Flick Drummond	4	4
S Labeledz Accounting Officer	4	4

<b>Audit Committee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Paul Hayes	3	3
Adrian Parry	3	3
Amanda Barrett	1	2
Maria Phillips (in attendance)	3	3
Steven Labeledz (in attendance)	3	3

<b>Pay and Conditions Committee</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Chair or Vice Chair	3	3
Steven Labeledz	3	3
Nys Hardingham	3	3
Claire Copeland	3	3
Flick Drummond	3	3

#### Governance reviews:

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

# The Salterns Academy Trust

## Governance Statement

### **Review of Value for Money**

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

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

- Continuing to provide a very wide range of educational opportunity for the students at both schools in the trust while ensuring that achievement continues to improve. The curriculum at both schools has been extended to give a wider choice of pathway for students, which is a major contributor to increased engagement and motivation. This has been achieved using existing staff but deploying them with considerably more efficient timetabling. Staff restructuring has also ensured that the right people are in the most effective positions to promote student success, particularly in leadership.
- Benchmarking against the newly DfE-adopted financial led curriculum planning document has shown that the curriculum is relatively efficiently timetabled at both academies and illustrates clearly further steps to be taken.
- Pupil Premium grants have been spent to ensure that the trust can close the gaps in achievement for disadvantaged students and make sure that they do not miss out on any opportunities. There is increasing evidence of success with this strategy.
- Academy freedoms have continued to give the trust mechanisms to locate the best available deals to pay for non-staffing costs, and, as more LA originated contracts come to an end, the trust is able to release more money back into the education of students.
- Careful reinvestment of community income is ensuring that the trust's facilities remain outstanding for our students as well as the community.
- Two further CIF bids have brought a further £1.5 million capital investment into the Trust's buildings
- The trust has continued the process of overhauling all of its central functions looking for the value for money that economies of scale can bring. The trust's central team has reduced in size to provide greater efficiency and now comprises, the CEO, an HR Director and assistant, a Finance Manager and a finance team to join the previously shared network manager.

# The Salterns Academy Trust

## Governance Statement

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Salterns Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Hopper Williams & Bell Limited, the external auditor, to perform additional checks.

# The Salterns Academy Trust

## Governance Statement

### **The Risk and Control Framework (continued)**

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

- Employee salary details and personnel records
- Authorisation of salary amendments
- Authorisation of payroll
- Authorisation and settlement of purchases
- Review of income received from Education and Skills Funding Agency (ESFA)
- Review of bank reconciliations
- Review of control accounts
- Compliance with the Academies Financial Handbook:
  - Roles and Responsibilities (Handbook reference 1.2-1.6)
  - Risk management (Handbook reference 2.6)
  - Whistleblowing (Handbook reference 2.7)
  - Annual accounts (Handbook reference 2.8)
  - Internal scrutiny (Handbook reference 2.9)
  - Transparency (Handbook reference 2.10)
  - Special payments (Handbook reference 3.3)
  - Write-offs and entering into liabilities (Handbook reference 3.4)
  - Leasing and Borrowing (Handbook reference 3.6 and 3.8)
  - Gifts (Handbook reference 3.9)
  - Provision of information (Handbook reference 4.8)
  - Investigation of fraud, theft and/or irregularity (Handbook reference 4.9)

On a regular basis, the accountants report to the board of trustees, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

# 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 the external auditors
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework
- regular meetings between the CEO, the finance team and the finance director

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees 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 4 December 2019 and signed on its behalf by:

**A Cree**  
Trustee

**S Labedz**  
Accounting Officer

# The Salterns Academy Trust

## Statement of Regularity, Propriety and Compliance

As accounting officer of The Salterns Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

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.

**S Labeledz**

Accounting Officer

4 December 2019

# 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 2015 and the Academies Accounts Direction 2018 to 2019
- 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 4 December 2019 and signed on its behalf by:

**A Cree**  
Trustee

# The Salterns Academy Trust

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

### Opinion

We have audited the financial statements of The Salterns Academy Trust ('the charitable company') for the year ended 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 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 2019 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 2015 and Academies Accounts Direction 2018 to 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

# The Salterns Academy Trust

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

# The Salterns Academy Trust

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

### **Responsibilities of the trustees**

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

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

### **Our responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

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 .....

# The Salterns Academy Trust

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

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 governing body 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

# The Salterns Academy Trust

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

### Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy Trust's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy Trust;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy Trust's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy Trust's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

# 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Date .....

# The Salterns Academy Trust

## Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2018/19 Total £	2017/18 Total £
<b>Income and endowments from:</b>							
Donations and capital grants	2	21,347	-	-	1,260,693	<b>1,282,040</b>	2,574,919
Charitable activities:							
Funding for the academy trust's educational operations	3	-	9,996,401	-	-	<b>9,996,401</b>	8,895,147
Other trading activities	4	161,659	-	-	-	<b>161,659</b>	188,930
Investments	5	868	-	-	-	<b>868</b>	865
<b>Total</b>		<b>183,874</b>	<b>9,996,401</b>	<b>-</b>	<b>1,260,693</b>	<b>11,440,968</b>	<b>11,659,861</b>
<b>Expenditure on:</b>							
Charitable activities:							
Academy trust educational operations	7	-	9,897,783	373,000	475,764	<b>10,746,547</b>	9,897,915
<b>Net income / (expenditure)</b>		<b>183,874</b>	<b>98,618</b>	<b>(373,000)</b>	<b>784,929</b>	<b>694,421</b>	<b>1,761,946</b>
<b>Transfers between funds</b>	17	-	(670)	-	670	-	-
<b>Other recognised gains / (losses):</b>							
Actuarial (losses) / gains on defined benefit pension schemes	25	-	-	(1,092,000)	-	<b>(1,092,000)</b>	636,000
<b>Net movement in funds</b>		<b>183,874</b>	<b>97,948</b>	<b>(1,465,000)</b>	<b>785,599</b>	<b>(397,579)</b>	<b>2,397,946</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		223,806	-	(1,887,000)	23,950,850	<b>22,287,656</b>	19,889,710
<b>Total funds carried forward</b>		<b>407,680</b>	<b>97,948</b>	<b>(3,352,000)</b>	<b>24,736,449</b>	<b>21,890,077</b>	<b>22,287,656</b>

The notes on pages 31 to 54 form part of these financial statements.

# The Salterns Academy Trust

## Balance Sheet as at 31 August 2019

Company Number 08921490

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	12		<b>23,934,830</b>		23,041,745
<b>Current assets</b>					
Stock	13	-		848	
Debtors	14	<b>1,083,774</b>		1,842,933	
Cash at bank and in hand		<b>1,534,566</b>		1,635,644	
		<b>2,618,340</b>		3,479,425	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<b>(1,090,801)</b>		<b>(1,870,350)</b>	
<b>Net current assets</b>			<b>1,527,539</b>		1,609,075
<b>Total assets less current liabilities</b>			<b>25,462,369</b>		24,650,820
Creditors:					
Amounts falling due after more than one year	16		<b>(220,292)</b>		<b>(476,164)</b>
<b>Net assets excluding pension liability</b>			<b>25,242,077</b>		24,174,656
Defined benefit pension scheme liability	25		<b>(3,352,000)</b>		(1,887,000)
<b>Total net assets</b>			<b>21,890,077</b>		22,287,656
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	17	<b>24,736,449</b>		23,950,850	
Restricted income fund	17	<b>97,948</b>		-	
Pension reserve	17	<b>(3,352,000)</b>		<b>(1,887,000)</b>	
<b>Total restricted funds</b>			<b>21,482,397</b>		22,063,850
<b>Unrestricted income funds</b>	17		<b>407,680</b>		223,806
<b>Total funds</b>			<b>21,890,077</b>		22,287,656

The financial statements on pages 28 to 54 were approved by the trustees and authorised for issue on 4 December 2019 and are signed on their behalf by:

**A Cree**

Trustee

The notes on pages 31 to 54 form part of these financial statements.

# The Salterns Academy Trust

## Statement of Cash Flows for the year ended 31 August 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	21	<b>1,267,771</b>	4,102,481
<b>Cash flows from investing activities</b>	22	<b>(1,368,849)</b>	(3,521,986)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(101,078)</b>	580,495
<b>Cash and cash equivalents at 1 September 2018</b>		<b>1,635,644</b>	1,055,149
<b>Cash and cash equivalents at 31 August 2019</b>	23	<b>1,534,566</b>	1,635,644

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 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 2018 to 2019 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.

- **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.

- **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.

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### Income (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

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

### 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 2019

### Tangible Fixed Assets

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

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

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

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

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

### Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### **Provisions**

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

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

### **Leased Assets**

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

### **Financial Instruments**

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

#### *Financial assets*

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

#### *Cash at bank*

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

#### *Financial liabilities*

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

### **Stock**

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

### **Taxation**

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### **Pensions Benefits**

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

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

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

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

### **Fund Accounting**

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

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

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

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 25.

#### *Critical areas of judgement*

There are no other critical areas of judgement.

## 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Capital grants	-	1,260,693	<b>1,260,693</b>	2,516,636
Other donations	21,347	-	<b>21,347</b>	58,283
	<u>21,347</u>	<u>1,260,693</u>	<u><b>1,282,040</b></u>	<u>2,574,919</u>
<i>Total 2018</i>	<i>58,283</i>	<i>2,516,636</i>	<i><b>2,574,919</b></i>	

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	8,636,860	<b>8,636,860</b>	7,797,019
Pupil premium	-	468,348	<b>468,348</b>	456,813
Other DfE Group grants	-	74,973	<b>74,973</b>	-
	-	9,180,181	<b>9,180,181</b>	8,253,832
<b>Other Government grants</b>				
Local authority grants	-	259,321	<b>259,321</b>	198,935
<b>Other income from the academy trust's educational operations</b>				
Trip income	-	178,925	<b>178,925</b>	184,258
Catering income	-	204,899	<b>204,899</b>	201,322
Other income	-	173,075	<b>173,075</b>	56,800
	-	556,899	<b>556,899</b>	442,380
	-	9,996,401	<b>9,996,401</b>	8,895,147
<i>Total 2018</i>	-	<i>8,895,147</i>	<b><i>8,895,147</i></b>	

### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	136,361	-	<b>136,361</b>	132,805
Music tuition income	2,735	-	<b>2,735</b>	4,300
Sale of goods and services	22,563	-	<b>22,563</b>	51,019
Uniform income	-	-	-	806
	161,659	-	<b>161,659</b>	188,930
<i>Total 2018</i>	<i>188,930</i>	-	<b><i>188,930</i></b>	

### 5 Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	868	-	<b>868</b>	865
<i>Total 2018</i>	<i>865</i>	-	<b><i>865</i></b>	

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018/19 £	Total 2017/18 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	5,950,575	-	440,570	<b>6,391,145</b>	5,860,137
Allocated support costs	2,458,920	506,215	1,390,267	<b>4,355,402</b>	4,037,778
	<b>8,409,495</b>	<b>506,215</b>	<b>1,830,837</b>	<b>10,746,547</b>	<b>9,897,915</b>
<i>Total 2018</i>	<i>7,633,735</i>	<i>470,253</i>	<i>1,793,927</i>	<i>9,897,915</i>	

Net income/(expenditure) for the period includes:

	2018/19 £	2017/18 £
Operating lease rentals	<b>140,963</b>	59,667
Depreciation	<b>475,784</b>	451,893
(Gain)/loss on disposal of fixed assets	<b>(20)</b>	58
Fees payable to auditor for:		
Audit	<b>10,925</b>	10,710
Other services	<b>9,195</b>	8,325

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Cash losses	<b>247</b>	-	-

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 7 Charitable activities

	2018/19 Total £	2017/18 Total £
Direct costs	6,391,145	5,860,137
Support costs	4,355,402	4,037,778
	<u>10,746,547</u>	<u>9,897,915</u>

#### Analysis of support costs:

	Educational operations £	2018/19 Total £	2017/18 Total £
Support staff costs	2,458,920	2,458,920	2,162,878
Depreciation	475,784	475,784	451,893
Technology costs	91,079	91,079	101,884
Premises costs	506,215	506,215	470,253
Other support costs	803,284	803,284	831,325
Governance costs	20,120	20,120	19,545
Total support costs	<u>4,355,402</u>	<u>4,355,402</u>	<u>4,037,778</u>

*Total 2018*

4,037,778    4,037,778

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 8 Staff

#### a) Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£	£
Wages and salaries	6,362,046	5,907,928
Social security costs	612,652	569,006
Pension costs	1,357,285	1,131,191
	<b>8,331,983</b>	<b>7,608,125</b>
Agency staff costs	77,512	25,610
	<b>8,409,495</b>	<b>7,633,735</b>

#### b) Staff numbers

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

	2018/19	2017/18
	No.	No.
Teachers	108	97
Administration and support	139	144
Management	12	13
	<b>259</b>	<b>254</b>

#### c) Higher paid staff

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

	2018/19	2017/18
	No.	No.
£60,000 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£100,001 - £110,000	1	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 £1,092,607 (2018: £948,291).

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 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:

		<b>2018/19</b>	<b>2017/18</b>
		<b>£000</b>	<b>£000</b>
S Labeledz (Staff trustee and Accounting Officer)	Remuneration	<b>105-110</b>	100-105
	Employer’s pension contributions paid	<b>15-20</b>	15-20
N Hardingham (Staff trustee)	Remuneration	<b>85-90</b>	85-90
	Employer’s pension contributions paid	<b>10-15</b>	10-15
C Copeland (Staff trustee)	Remuneration	<b>75-80</b>	70-75
	Employer’s pension contributions paid	<b>10-15</b>	10-15

During the period ended 31 August 2019, travel and subsistence expenses totalling £678 were reimbursed or paid directly to three trustees (2018: £684 to three trustees).

### 10 Trustees and officers insurance

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

### 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 (4%). The actual amounts charged during the year were as follows:

	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>£</b>
Admiral Lord Nelson School	<b>199,848</b>	187,308
Trafalgar School	<b>144,519</b>	128,544
	<b>344,367</b>	315,852

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 12 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 September 2018	10,700,552	13,657,129	183,127	212,840	2,500	24,756,148
Acquisitions	767,870	572,910	8,239	19,850	-	1,368,869
At 31 August 2019	<u>11,468,422</u>	<u>14,230,039</u>	<u>191,366</u>	<u>232,690</u>	<u>2,500</u>	<u>26,125,017</u>
<b>Depreciation</b>						
At 1 September 2018	451,930	967,580	101,365	191,820	1,708	1,714,403
Charged in year	169,991	253,639	40,705	10,949	500	475,784
At 31 August 2019	<u>621,921</u>	<u>1,221,219</u>	<u>142,070</u>	<u>202,769</u>	<u>2,208</u>	<u>2,190,187</u>
<b>Net book values</b>						
At 31 August 2018	10,248,622	12,689,549	81,762	21,020	792	23,041,745
At 31 August 2019	<u>10,846,501</u>	<u>13,008,820</u>	<u>49,296</u>	<u>29,921</u>	<u>292</u>	<u>23,934,830</u>

### 13 Stock

	2018/19 £	2017/18 £
Uniform stocks	-	848

### 14 Debtors

	2018/19 £	2017/18 £
Trade debtors	28,503	16,763
VAT recoverable	99,125	268,572
Other debtors	552	607
Prepayments and accrued income	955,594	1,556,991
	<u>1,083,774</u>	<u>1,842,933</u>

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 15 Creditors: amounts falling due within one year

	2018/19	2017/18
	£	£
Trade creditors	324,549	660,790
Loans falling due within one year	32,027	28,852
Other creditors falling due within one year	261,252	198,771
Accruals and deferred income	472,973	981,937
	<u>1,090,801</u>	<u>1,870,350</u>

	2018/19	2017/18
	£	£
Deferred income at 1 September 2018	52,821	121,235
Released from previous years	(52,821)	(121,235)
Resources deferred in the year	139,216	52,821
Deferred income at 31 August 2019	<u>139,216</u>	<u>52,821</u>

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

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

### 16 Creditors: amounts falling due in greater than one year

	2018/19	2017/18
	£	£
Loans falling due in greater than one year	160,387	166,979
Other creditors falling due in greater than one year	59,905	309,185
	<u>220,292</u>	<u>476,164</u>

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

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds

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

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds (continued)

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

#### **General annual grant**

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

#### **Other DfE/ESFA grants**

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

#### **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.

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds (continued)

#### Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2018/19	2017/18
	£	£
Admiral Lord Nelson School	435,015	360,211
Trafalgar School	70,613	(145,783)
Central services	-	9,378
Total before fixed assets and pension reserve	<u>505,628</u>	223,806
Restricted fixed asset fund	24,736,449	23,950,850
Pension reserve	<u>(3,352,000)</u>	(1,887,000)
Total	<u>21,890,077</u>	22,287,656

#### 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) £	2018/19 Total £	2017/18 Total £
Admiral Lord Nelson School	3,495,709	1,449,306	321,352	854,373	6,120,740	5,745,574
Trafalgar School	2,454,866	1,009,614	167,218	518,325	4,150,023	3,700,448
	<u>5,950,575</u>	<u>2,458,920</u>	<u>488,570</u>	<u>1,372,698</u>	<u>10,270,763</u>	<u>9,446,022</u>

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds (continued)

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

	Balance at 1 September 2017 £		Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2018 £
<b>Restricted general funds</b>							
General Annual Grant (GAG)	-	7,797,019	(8,131,836)	334,817	-	-	-
Pupil Premium	-	456,813	(456,813)	-	-	-	-
Other government grants	-	198,935	(198,935)	-	-	-	-
Other educational activities	-	442,380	(442,380)	-	-	-	-
	-	8,895,147	(9,229,964)	334,817	-	-	-
Pension reserve	(2,307,000)	-	(216,000)	-	636,000	(1,887,000)	(1,887,000)
	(2,307,000)	8,895,147	(9,445,964)	334,817	636,000	(1,887,000)	(1,887,000)
<b>Restricted fixed asset funds</b>							
Fixed asset fund	19,971,710	-	(451,951)	3,521,986	-	-	23,041,745
DFC capital grants (ALNS)	-	28,746	-	(28,746)	-	-	-
DFC capital grants (Trafalgar)	539	13,501	-	(14,040)	-	-	-
CIF capital grants (ALNS)	32,481	1,515,764	-	(1,414,441)	-	-	133,804
CIF capital grants (Trafalgar)	1,878,303	828,625	-	(2,061,627)	-	-	645,301
Other capital grants (Trafalgar)	-	130,000	-	-	-	-	130,000
	21,883,033	2,516,636	(451,951)	3,132	-	-	23,950,850
<b>Total restricted funds</b>	<b>19,576,033</b>	<b>11,411,783</b>	<b>(9,897,915)</b>	<b>337,949</b>	<b>636,000</b>	<b>22,063,850</b>	
<b>Total unrestricted funds</b>	<b>313,677</b>	<b>248,078</b>	<b>-</b>	<b>(337,949)</b>	<b>-</b>	<b>223,806</b>	
<b>Total funds</b>	<b>19,889,710</b>	<b>11,659,861</b>	<b>(9,897,915)</b>	<b>-</b>	<b>636,000</b>	<b>22,287,656</b>	

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

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

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	23,041,745	<b>23,041,745</b>
Current assets	223,806	745,682	-	2,509,937	<b>3,479,425</b>
Current liabilities	-	(549,422)	-	(1,320,928)	<b>(1,870,350)</b>
Non-current liabilities	-	(196,260)	-	(279,904)	<b>(476,164)</b>
Pension scheme liability	-	-	(1,887,000)	-	<b>(1,887,000)</b>
<b>Total net assets</b>	<b>223,806</b>	<b>-</b>	<b>(1,887,000)</b>	<b>23,950,850</b>	<b>22,287,656</b>

### 19 Capital commitments

	2018/19	2017/18
	£	£
Contracted for, but not provided in the financial statements	<b>756,745</b>	862,000

### 20 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018/19	2017/18
	£	£
Amounts due within one year	<b>111,194</b>	54,998
Amounts due between one and five years	<b>132,030</b>	26,081
Amounts due after five years	<b>12,511</b>	-
	<b>255,735</b>	81,079

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

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

	2018/19	2017/18
	£	£
Net income for the reporting period	694,421	1,761,946
Adjusted for:		
Depreciation	475,784	451,893
(Gain)/loss on disposal of fixed assets	(20)	58
Defined benefit pension scheme cost less contributions payable	325,000	162,000
Defined benefit pension scheme finance cost	48,000	54,000
Decrease in stocks	848	564
Decrease in debtors	759,159	49,014
(Decrease) / increase in creditors	<u>(1,035,421)</u>	1,623,006
Net cash provided by Operating Activities	<u>1,267,771</u>	<u>4,102,481</u>

### 22 Cash flows from investing activities

	2018/19	2017/18
	£	£
Proceeds from sale of tangible fixed assets	20	200
Purchase of tangible fixed assets	<u>(1,368,869)</u>	<u>(3,522,186)</u>
Net cash used in investing activities	<u>(1,368,849)</u>	<u>(3,521,986)</u>

### 23 Analysis of cash and cash equivalents

	2018/19	2017/18
	£	£
Cash in hand and at bank	<u>1,534,566</u>	<u>1,635,644</u>

### 24 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 2019

### 25 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 2012 and of the LGPS 31 March 2016.

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

#### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### **The Teachers' Pension budgeting and valuation account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### **Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at:  
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 25 Pension and similar obligations (continued)

#### Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, has rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £669,508 (2018: £636,430).

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 2019 was as follows:

	2019	2018
	£	£
Employer's contributions	352,000	321,000
Employees' contributions	90,000	89,000
	<b>442,000</b>	<b>410,000</b>

The agreed contribution rates for future years are 16.2% 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.

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 25 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment/inflation	2.1%	2.1%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.1%

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

	2019	2018
<i>Retiring today</i>		
Males	23.1	24.1
Females	25.8	27.2
<i>Retiring in 20 years</i>		
Males	24.7	26.2
Females	27.6	29.4

#### Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2019	2018
	£	£
Discount rate +0.1%	(194,000)	(150,000)
Discount rate -0.1%	198,000	153,000
Mortality assumption – 1 year increase	312,000	201,000
Mortality assumption – 1 year decrease	(309,000)	(201,000)

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

	2019	2018
	£	£
Equities	3,522,000	3,343,000
Property	421,000	361,000
Government bonds	1,205,000	1,198,000
Corporate bonds	-	63,000
Cash	111,000	120,000
Other	591,000	146,000
Total market value of assets	5,850,000	5,231,000

The actual return on scheme assets was £318,000 (2018: £343,000).

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 25 Pension and similar obligations (continued)

#### Amount recognised in the Statement of Financial Activities

	2018/19	2017/18
	£	£
Current service cost	462,000	483,000
Past service cost	215,000	-
Interest income	(151,000)	(118,000)
Interest cost	199,000	172,000
Total amount recognised in the SOFA	<u>725,000</u>	<u>537,000</u>

The past service cost represents an actuarial estimate of the additional underpin liability arising as a result of the McCloud/Sargeant judgement in December 2018 and the Supreme Court's decision not to allow the Government an appeal on 27 June 2019.

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

	2018/19	2017/18
	£	£
<b>At 1 September</b>	<b>7,118,000</b>	6,886,000
Current service cost	462,000	483,000
Interest cost	199,000	172,000
Employee contributions	90,000	89,000
Actuarial loss / (gain)	1,259,000	(411,000)
Benefits paid	(141,000)	(101,000)
Past service cost	215,000	-
<b>At 31 August</b>	<b><u>9,202,000</u></b>	<u>7,118,000</u>

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

	2018/19	2017/18
	£	£
<b>At 1 September</b>	<b>5,231,000</b>	4,579,000
Interest income	151,000	118,000
Actuarial gain	167,000	225,000
Employer contributions	352,000	321,000
Employee contributions	90,000	89,000
Benefits paid	(141,000)	(101,000)
<b>At 31 August</b>	<b><u>5,850,000</u></b>	<u>5,231,000</u>

# The Salterns Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 26 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

#### Income/expenditure Related Party Transaction:

UTC Portsmouth - the Trust is a member of the University Technical College

- During the year the Trust provided land for use by UTC Portsmouth on a rent-free basis. Income from transactions with UTC Portsmouth was £nil (2018: £19,200) and expenditure was £nil (2018: £2,794).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.