

Registered number: 08921490 (England & Wales)

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**THE SALTERNS ACADEMY TRUST**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**THE SALTERNS ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members**

D Giles  
M Park  
S Taviner

**Trustees**

D Georgeson, Trust Appointee (appointed 25 November 2015)  
D Giles, Trust Appointee  
N Hardingham, Headteacher ALNS - Trust Appointee  
S Labeledz, Executive Headteacher and Accounting Officer  
M Park, Trust Appointee  
T Rampton, Co-opted Appointee  
S Sewell, Headteacher Trafalgar - Trust Appointee  
J Smith, Trust Appointee (resigned 31 August 2016)  
R Stone-Houghton, Co-opted Appointee  
S Taviner, Trust Appointee

**Company registered number**

08921490

**Company name**

The Salterns Academy Trust

**Principal and registered office**

Admiral Lord Nelson School  
Dundas Lane  
Portsmouth  
Hampshire  
PO3 5XT

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

**Senior management team**

S Labeledz, Executive Headteacher  
N Hardingham, Headteacher (ALNS)  
S Sewell, Headteacher (Trafalgar)  
C Doherty, Senior Deputy Headteacher (ALNS)  
M Hutton, Deputy Headteacher (ALNS)  
Y Barber, Acting Deputy Headteacher (Trafalgar)  
J Beecher, Associate Deputy Headteacher (ALNS)  
D Wise, Assistant Headteacher (ALNS)  
S Fenner, Assistant Headteacher (ALNS)  
G Pearce, Assistant Headteacher (Trafalgar)  
A Ghose, Assistant Headteacher (Trafalgar)  
B Young, Director of HR and Compliance

**Independent auditors**

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**

DWF LLP  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3AA

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**THE SALTERNS ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2015 until 31st August 2016. 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 and had a roll of 1485 in the school census of October 2015.

**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 Salterns Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Salterns Academy Trust.

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

**Members' Liability**

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

**Trustees' Indemnities**

This is addressed within the RPA arrangements.

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

The Academy Trusts articles and funding agreement detail that the board membership comprises the following:

- The Executive Headteacher
- Up to seven directors appointed by the trust members. The members entitled to make such appointments in the period are as detailed on page 1 of this report.
- Up to three co-opted directors appointed by the other directors excluding the other co-opted directors.

The directors entitled to make such appointments in the period are as detailed on page 1 of this report.

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

The Trust has chosen to appoint the seven Director Appointee positions using the following criteria:

- Two Headteachers from Schools within the MAT.
- Two Chair of Governors from Schools within the MAT (if either of these individuals also qualifies under another criteria 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. The Term of Office for Directors is four years, with the exception of the Executive Headteacher and Headteacher appointments. Additionally other staff and chair of governor directors are appointed on an ex-officio basis so their role as a director of the trust will cease if they leave the employ of the Trust or no longer chair a school LGB.

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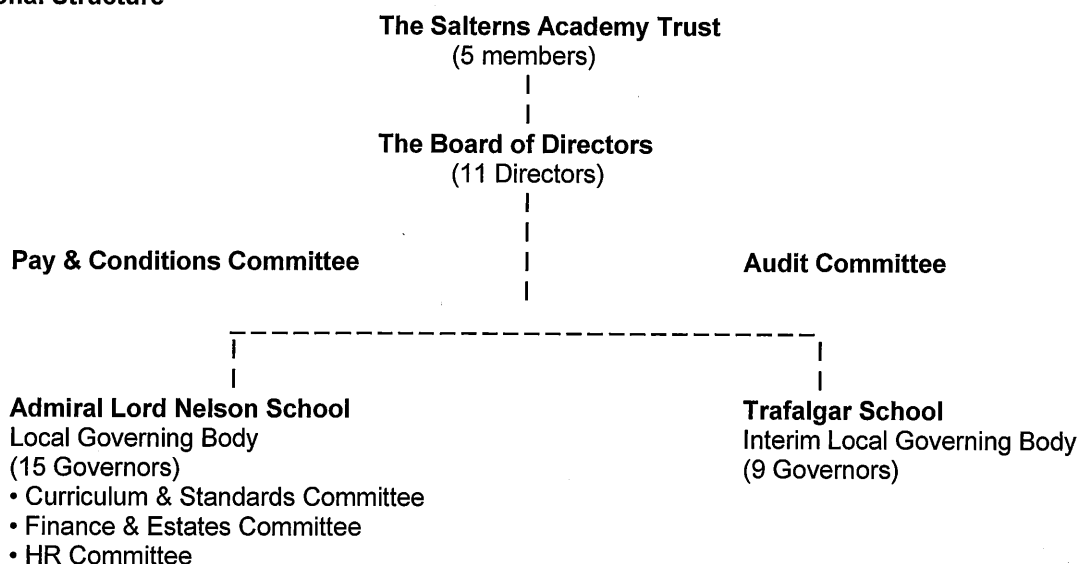
**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

All Trustee appointments will be experienced school Governors who will commit to on-going training and development in the role. The Trust will foster links with other Governor associations (national and local) to ensure Trustees are well informed and up to date.

**Organisational Structure**



**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 budgets in accordance with the policy
- To develop Trust curriculum policies, monitoring school deployment of the policy
- To review school improvement plans on a periodic basis
- Foster working relationships with partner schools
- To be the responsible body for the Executive Headteacher (Chief Executive) who is also the Accounting Officer

The Trust delegates the following to each academy's local Governing Body:

- Deployment of Salterns Academy Trust Policies and Statutory Requirements
- Management of delegated Policies
- Managing delegation of responsibilities to the Headteachers, SLT and other individuals.
- Monitoring and overseeing the quality of Teaching and Learning; Behaviour Safety and Wellbeing; Student Achievement;
- Developing and Submitting an Annual Budget to The Salterns Academy Trust Board for approval
- Management of the school within the agreed budget
- Support the Trust in meeting DfE and EFA 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 Plan
- Overview of all improvement activities
- Specifically monitor the well-being and achievement of SEND and Pupil Premium students

The level of delegation to each LGB is determined by the maturity of each school LGB. This is continuously reviewed and varied as appropriate.

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**THE SALTERNS ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The key management personnel of the academy trust comprises the senior management team as listed on page 2. Pay for the senior leadership team is set by the Pay & Conditions Committee.

**Connected Organisations, including Related Party Relationships**

The Trust at this time is not involved in any formal wider networks that impact operating [policies. Neither does it have any connections to other charities.

**Objectives and Activities**

**Objects and Aims**

Salterns Academy Trust wishes to be the educational provider of choice for North Portsmouth ensuring excellence for all children and young people in every school within the Trust.

We will achieve this by:

- Keeping children and young people at the heart of everything we do
- Supporting and challenging every 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 every school in the Trust

**Objectives, Strategies and Activities**

In the time frame of this report, the Trust's main objectives were to develop the infrastructure and core function to perform successfully as a Multi-Academy Trust, while not being correctly funded by the EFA for all the students within the Trust. This body of work to further enhance our objectives as outlined below:

- Continue the performance improvements at ALNS
- Improve the performance of Trafalgar School
- Improve the number of students choosing to attend Trafalgar School
- Maintain the number of students choosing to attend ALNS
- To make structural changes in both schools to protect students from the new financial realities

The Trust's activities are all focussed on improving the life chance of the young people of our catchment area. Educational achievement in Portsmouth is still, on average, well below national averages for 16 year olds, with a consequent impact on their future education, employment prospects and their opportunities to be productive, responsible and fulfilled citizens.

ALNS has challenged this trend for many years: achievement is well above average, very few students become "NEET", and the number going on to University and pursuing commensurate careers is well above the Portsmouth average. 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. Achievement has improved at Trafalgar, particularly judged against previous LA targets and even more ambitious targets and systems have been introduced to boost achievement still further.

**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 will open doors for them to reach their full potential, thereby benefiting themselves and the wider Portsmouth community.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Strategic Report**

**Achievements and Performance**

In the period the following objectives were achieved:

- ALNS performance continued to improve following key staff development activities and curriculum development, see performance indicators below.
- Some educational performance standards at Trafalgar have been improved, see indicators below.
- Recruitment to Trafalgar School exceeded targets resulting in the position of being oversubscribed for Year 7 entry in 2016

**Key Performance Indicators (Provisional Data)**

KPI	National Figure	ALNS 2016	ALNS 2015	Trafalgar 2016	Trafalgar 2015
A*-C EM	63%	68%	64%	39%	49%
Progress 8	-0.03	-0.39	-0.14	-0.41	-0.44
Attainment 8	49.9	47.4	49.0	41.6	42.4
Attendance	94.9%	94.2%	94.1%	94.5%	94.7%
Student Recruitment	n/a	100%	100%	100%	61%

**Financial performance**

As detailed elsewhere, the Trust completed the year with a positive balance despite reducing per pupil income due to Government cut-backs and Trafalgar School, in particular, continuing to face the difficult challenge of being underfunded by at least £165,000 because of the outmoded mechanism of lagged funding penalising the school for quickly growing its number of students on roll. The Trust has continued to support Trafalgar by spending its reserves.

**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.

**Financial Review**

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

GAG from the EFA constitutes the vast majority of Trust income, together with other central Government payments such as the Pupil Premium Grant. 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 has established the terms of reference and the membership of a Finance and Audit Committee to oversee financial control and value for money. ALNS has a finance committee of the Local Governing Body to set and monitor the school budget and this role at Trafalgar School is assumed by the full Local Governing Body. 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.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Financial Review (continued)**

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

Benchmarking is regularly carried out for all main lines of expenditure and best value is sought for all contracts and supplies.

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

**Reserves Policy**

The Trust has established the principle and agreed that it should work towards carrying a reserve equal to three 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 31 August 2016 were as follows:

- Unrestricted (free) reserves of £247,421
- A restricted fixed asset fund of £19,100,167, which can only be realised through disposal of fixed assets
- A pension deficit of £3,471,000
- Total funds of £15,876,588

There is a £3,471,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

It should be noted that it has been difficult for the Trust to maintain/grow its current reserves over the last year as a consequence of the inherent unfairness, on fast-growing schools, of the EFA's lagged funding system. This situation has required the Trust to utilise a significant proportion of its reserves to support the students in Trafalgar School for whom the EFA provided no GAG funding for the first twelve months of their time at Trafalgar.

The EFA have committed to reviewing this unfair provision and there is the prospect that Trafalgar School may be funded on "Estimates" for the next two or four years, which will allow the Trust to review its budget and allow, in principle, for growth in reserves.

**Investment Policy**

The Trust's investment objectives are:

- To achieve the best financial return available whilst ensuring that security of deposits takes preference over revenue maximisation;
- To only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**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
- Further changes to educational funding, particularly a reduced per-pupil element
- Issues arising from the proposed UTC build on Trust land at the Trafalgar School site.

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 is also developing its capability to develop 3 to 5 year budget plans so that it has advance knowledge of potential shortfalls or surpluses and can adjust plans accordingly.

The Trust is actively engaged in discussions with the LA about future growth in size of its academies and also with other interested local schools who may wish to partner/work with the Trust and so increase its size.

The Trust is fully involved with the UTC project management team and is a trusted partner in this programme. By maintaining this high level involvement and engagement the Trust can best mitigate any risks.

**Plans for future Periods**

The main objectives over the next financial year are:

- To develop formal relationships with other local schools and colleges including UTC Portsmouth to support their development and that of the Trust in line with the three year Trust Growth Plan.
- To ensure that ALNS continues its journey to outstanding by securing a judgement of at least "good with significant outstanding features" in its upcoming Ofsted Inspection
- To ensure that Trafalgar School continues on a rapid journey to "good" in its upcoming Ofsted inspection
- To ensure that Trafalgar School continues to grow rapidly and can flourish financially
- To ensure that both schools operate within balanced budgets and Trafalgar school implements a three year strategy to build back its reserve surplus.

**Funds held as Custodian Trustee on Behalf of Others**

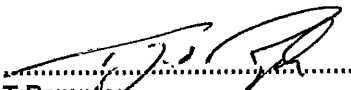
The trust holds no funds as a Custodian Trustee on Behalf of Others.

**Auditor**

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors on 23rd November 2016 and signed on the board's behalf by:

  
.....  
**T Rampton**  
**Chair of Trustees**

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**THE SALTERNS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**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 Executive Headteacher, 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 4 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Georgeson Trust Appointee	3	4
D Giles, Trust Appointee	3	4
N Hardingham, Hedteacher ALNS Trust Appointee	4	4
S Labedz, Executive Headteacher and Accounting Officer	4	4
M Park, Trust Appointee	1	4
T Rampton, Co-opted Appointee	3	4
S Sewell, Headteacher Trafalgar Trust Appointee	0	4
J Smith (resigned 31st July 2016)	4	4
R Stone-Houghton, Trust Appointee	2	4
S Taviner, Trust Appointee	4	4

The board has been strengthened during the period by the appointment of the Headteacher and Chair of Governors of Trafalgar School in accordance with the Trust plans for trustee membership.

**Governance reviews:**

The review of Governance in 2015/16 was carried out in to determine any skills gaps which might be present either in the Trust or its local Governing Bodies. The Trust has continued to develop its function in overseeing a MAT and has re-clarified the different levels of delegation of responsibility to the two proposed local governing bodies.

Audits of skills and competencies of individual trustees were carried out as normal, but this was coupled with information gathered during one-to one interviews with the Chair of the Trust helping us to gather feedback concerning the working of the Trust, perceived areas for development for both individual trustees and the Trust as a whole.

This allowed the Trust to determine the skill sets of further trustees it needs to appoint, including an independent and preferably primary educationalist.

The Trust worked with a National Leader of Governance in establishing the local governing body of the sponsored Trafalgar School.

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**GOVERNANCE STATEMENT (continued)**

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Self-review of the work of the Trustees against Ofsted standards and using the toolkit has been evaluated as Good. Specific action necessary was to improve the direct communication with stakeholders, which has resulted initially in the launch of a new website.

The Trust will be next carrying out a review in spring 2017.

**Financial Committees:**

The Board of Trustees takes full responsibility for the financial management of the Trust. The Finance and Audit committee, will ensure that decisions taken in operating the Trust will provide full value for money and the highest levels of propriety. The task of determining and monitoring the two academies' budgets are delegated respectively to a Finance Committee at ALNS and to the local governing body at Trafalgar.

Meetings and attendance at these meetings are as follows:

**ALNS Finance Committee**

Trustee	Meetings attended	Out of a possible
D Giles, Trust Appointee	3	6
N Hardingham, Headteacher ALNS Trust Appointee	6	6
S Labeledz, Executive Headteacher and Accounting Officer	5	6
T Rampton, Co-opted Appointee	4	6
J Smith (resigned 31st July 2016)	5	6
T Simmonds, ALNS Governor	5	6
L Roe ALNS Staff Governor	5	6
J Gammon (appointed 27th January 2016) Co-opted Appointee	3	4

**Trafalgar Local Governing Body**

Trustee	Meetings attended	Out of a possible
D Georgeson, Trust Appointee	10	10
S Sewell, Headteacher Trafalgar Trust Appointee	2	10
S Labeledz Executive Headteacher and Accounting Officer	10	10
M Stratton, Trust Appointee	7	10
L Freeman, Staff Governor	8	10
R King Parent Governor	1	10
H Tippett Parent Governor	7	10
S Wilson Trust Appointee	5	8
D Hepburn Trust Appointee	5	5

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Academy 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'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 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 academies 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. Two week timetables have been successfully embedded in each academy. Staff restructuring has also ensured that the right people are in the most effective positions to promote student success.
- 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 we can close the gaps in achievement for disadvantaged students and make sure that they do not miss out on any opportunity.
- Academy freedoms have continued to give us the mechanisms to locate the best available deals to pay for non-staffing costs, and, as we reached the end of more LA originated contracts, we were able to release more money back into the education of students.
- Careful reinvestment of community income is ensuring that our facilities remain outstanding for our students as well as the community.
- Three very successful CIF bids have resulted in nearly £2 million investment in capital projects.
- 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 has now appointed a Business Manager, an HR and Compliance Director, a Finance Manager and a finance team into the central core to join the previously appointed network manager.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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**THE SALTERNS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 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 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 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:

- Payroll
- Accounts receivable
- Accounts payable
- Petty cash
- Control accounts
- Governance
- Policies
- Statutory returns

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

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**THE SALTERNS ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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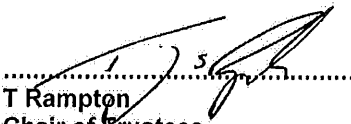
**REVIEW OF EFFECTIVENESS**

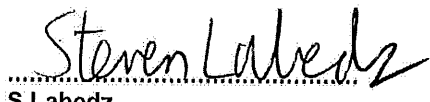
As Accounting Officer the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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

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 23 November 2016 and signed on their behalf, by:

  
.....  
T Rampton  
Chair of Trustees

  
.....  
S Labeledz  
Accounting Officer

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Salterns Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, 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 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of 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 2015.

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 EFA.



.....  
**S Labedz**  
**Accounting Officer**

Date: 23 November 2016



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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees (who act as governors of The Salterns Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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:

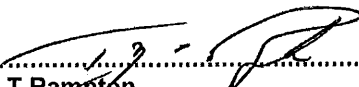
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on 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 the EFA/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 23 November 2016 and signed on its behalf by:

  
.....  
**T Rampton**  
**Chair of Trustees**

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
SALTERNS ACADEMY TRUST**

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We have audited the financial statements of The Salterns Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
SALTERNS ACADEMY TRUST**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

*Hub*

Richard Hurst FCA (Senior statutory auditor)

for and on behalf of

**Hopper Williams & Bell Limited**

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: *16 December 2016*

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE SALTERNS  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 16 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Salterns Academy Trust and the EFA 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 EFA 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 Salterns Academy Trust and the EFA, 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 AUDITORS**

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 2015, 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 2015 to 2016. 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. 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's income and expenditure.

## SUMMARY OF WORK UNDERTAKEN

We carried out the following:

- 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'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;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy'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 EFA;
- confirming whether EFA 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's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

## 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA (Senior statutory auditor)  
for and on behalf of  
**Hopper Williams & Bell Limited**  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 16 December 2016

**THE SALTERNS ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer on conversion	2	-	-	(1,644,000)	(1,644,000)	19,426,415
Other donations and capital grants	2	14,525	-	802,975	817,500	86,402
Charitable activities	5	-	8,303,198	-	8,303,198	8,997,494
Other trading activities	3	183,928	-	-	183,928	232,826
Investments	4	1,283	-	-	1,283	1,359
<b>TOTAL INCOME</b>		<b>199,736</b>	<b>8,303,198</b>	<b>(841,025)</b>	<b>7,661,909</b>	<b>28,744,496</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	8,791,785	408,365	9,200,150	9,585,667
<b>TOTAL EXPENDITURE</b>	6	<b>-</b>	<b>8,791,785</b>	<b>408,365</b>	<b>9,200,150</b>	<b>9,585,667</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	18	199,736 (401,143)	(488,587) 368,587	(1,249,390) 32,556	(1,538,241) -	19,158,829 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(201,407)	(120,000)	(1,216,834)	(1,538,241)	19,158,829
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(1,779,000)	-	(1,779,000)	35,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(201,407)</b>	<b>(1,899,000)</b>	<b>(1,216,834)</b>	<b>(3,317,241)</b>	<b>19,193,829</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		448,828	(1,572,000)	20,317,001	19,193,829	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>247,421</b>	<b>(3,471,000)</b>	<b>19,100,167</b>	<b>15,876,588</b>	<b>19,193,829</b>

The notes on pages 23 to 43 form part of these financial statements.

**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08921490**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	13		18,702,261		20,317,001
<b>CURRENT ASSETS</b>					
Stocks	14	3,000		2,379	
Debtors	15	330,155		291,169	
Cash at bank and in hand		1,076,072		672,892	
		<u>1,409,227</u>		<u>966,440</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(727,039)</u>		<u>(469,612)</u>	
<b>NET CURRENT ASSETS</b>			<u>682,188</u>		<u>496,828</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,384,449</u>		<u>20,813,829</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17		<u>(36,861)</u>		<u>(48,000)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>19,347,588</u>		<u>20,765,829</u>
Defined benefit pension scheme liability	22		<u>(3,471,000)</u>		<u>(1,572,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>15,876,588</u>		<u>19,193,829</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds excluding pension liability			19,100,167	20,317,001	
Pension reserve			<u>(3,471,000)</u>	<u>(1,572,000)</u>	
Total restricted income funds			<u>15,629,167</u>	<u>18,745,001</u>	
Unrestricted income funds	18		<u>247,421</u>	<u>448,828</u>	
<b>TOTAL FUNDS</b>			<u>15,876,588</u>	<u>19,193,829</u>	

The financial statements were approved by the Trustees, and authorised for issue, on 23 November 2016 and are signed on their behalf, by:

  
.....  
**T Rampton**  
**Chair of Trustees**

The notes on pages 23 to 43 form part of these financial statements.

**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<u>840,805</u>	<u>803,226</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(437,625)</u>	<u>(130,334)</u>
<b>Net cash used in investing activities</b>		<u>(437,625)</u>	<u>(130,334)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>403,180</b>	<b>672,892</b>
Cash and cash equivalents brought forward		<u>672,892</u>	<u>-</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>1,076,072</u></u>	<u><u>672,892</u></u>



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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**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.

**1.1 Basis of preparation of financial statements**

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Salterns Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of The Salterns Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Salterns Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

**1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 Academy 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..

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,500 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	50 years straight line basis
Motor vehicles	-	20% straight line basis
Fixtures and fittings	-	20% straight line basis
Computer equipment	-	33% straight line basis

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.10 Taxation**

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.12 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.13 Liabilities and provisions**

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

**1.14 Financial instruments**

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.15 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

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 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**THE SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.15 Pensions (continued)**

The LGPS is a funded 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 incorporating income and expenditure account 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

**1.16 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, which are disclosed in note 22, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement:

There are no other critical areas of judgement.

**THE SALTERNS ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Transfer on conversion	-	(1,644,000)	(1,644,000)	19,426,415
Donations	14,525	-	14,525	32,873
Capital Grants	-	802,975	802,975	53,529
Subtotal	14,525	802,975	817,500	86,402
Total donations and capital grants	14,525	(841,025)	(826,500)	19,512,817

In 2015, of the total income from donations and capital grants, £342,038 was to unrestricted funds and £19,170,779 was to restricted funds.

The charge of £1,644,000 represents an adjustment to the valuation of land and buildings transferred upon conversion.

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Lettings income	147,612	-	147,612	196,462
Music tuition	5,075	-	5,075	3,730
Sale of goods and services	15,159	-	15,159	26,030
Uniform income	16,082	-	16,082	6,604
	183,928	-	183,928	232,826

In 2015, of the total income from other trading activities, £232,826 was to unrestricted funds and £ NIL was to restricted funds.

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**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Bank interest	1,283	-	1,283	1,359

In 2015, of the total investment income, £1,359 was to unrestricted funds and £ NIL was to restricted funds.

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	7,303,149	7,303,149	7,909,943
DfE/EFA start up grants	-	-	-	155,000
DfE/EFA other grants	-	397,316	397,316	353,860
	-	7,700,465	7,700,465	8,418,803
<b>Other government grants</b>				
Local authority grants	-	202,795	202,795	111,564
	-	202,795	202,795	111,564
<b>Other funding</b>				
Trip income	-	145,535	145,535	159,612
Catering income	-	191,140	191,140	246,641
Other income	-	63,263	63,263	60,874
	-	399,938	399,938	467,127
	-	8,303,198	8,303,198	8,997,494

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £8,997,494 was to restricted funds.

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**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational operations					
Direct costs	5,095,259	-	326,916	5,422,175	5,639,851
Support costs	1,951,534	481,107	1,345,334	3,777,975	3,945,816
	<u>7,046,793</u>	<u>481,107</u>	<u>1,672,250</u>	<u>9,200,150</u>	<u>9,585,667</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £9,200,150 (2015 - £9,585,667) was to restricted funds.

**7. ANALYSIS OF SUPPORT COSTS**

	Educational operations £	Total 2016 £	Total 2015 £
Technology costs	106,779	106,779	101,414
Premises costs	481,107	481,107	555,409
Governance costs	16,853	16,853	22,061
Other costs	813,337	813,337	745,444
Wages and salaries	1,560,480	1,560,480	1,705,406
National insurance	88,391	88,391	84,639
Pension cost	302,663	302,663	309,860
Depreciation	408,365	408,365	421,583
	<u>3,777,975</u>	<u>3,777,975</u>	<u>3,945,816</u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	408,365	421,583
Auditors' remuneration - audit	10,165	13,605
Auditors' remuneration - other services	4,265	8,456
Operating lease rentals	51,840	65,397
	<u>474,635</u>	<u>509,041</u>



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**9. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,680,693	6,056,181
Social security costs	456,931	432,496
Operating costs of defined benefit pension schemes	909,169	872,346
	<u>7,046,793</u>	<u>7,361,023</u>

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

	2016 No.	2015 No.
Teachers	90	89
Administration and support	118	118
Management	11	11
	<u>219</u>	<u>218</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	0

Four of the above employees participated in the Teachers Pension Scheme. Employer contributions totalled £50,796 (2015: £45,723). The above information has been presented on an annualised basis.

The key management personnel of the academy trust comprise the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,107,946 (2015: £1,226,077).

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**10. CENTRAL SERVICES**

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

- Staff costs
- Governance costs

The Academy charges for these services on the following basis:

Allocation of central costs by size of academy (with reference to the number of pupils on roll)

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Admiral Lord Nelson School	105,353	-
Trafalgar School	47,261	-
	152,614	
Total	152,614	

**11. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an 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 other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£'000	£'000
S Labeledz	Remuneration	100-105	95-100
	Pension contributions paid	15-20	10-15
N Hardingham	Remuneration	75-80	65-70
	Pension contributions paid	10-15	10-15
S Sewell	Remuneration	55-60	-
	Pension contributions paid	5-10	-

This information has been presented on an annualised basis.

During the year, no Trustees received any reimbursement of expenses (2015: £nil).

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**12. 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 £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2015	20,470,326	3,000	112,746	152,512	20,738,584
Additions	372,818	-	23,226	41,581	437,625
On conversion (adjustment)	(1,644,000)	-	-	-	(1,644,000)
At 31 August 2016	<u>19,199,144</u>	<u>3,000</u>	<u>135,972</u>	<u>194,093</u>	<u>19,532,209</u>
<b>Depreciation</b>					
At 1 September 2015	367,710	250	22,897	30,726	421,583
Charge for the year	327,067	600	25,672	55,026	408,365
At 31 August 2016	<u>694,777</u>	<u>850</u>	<u>48,569</u>	<u>85,752</u>	<u>829,948</u>
<b>Net book value</b>					
At 31 August 2016	<u>18,504,367</u>	<u>2,150</u>	<u>87,403</u>	<u>108,341</u>	<u>18,702,261</u>
At 31 August 2015	<u>20,102,616</u>	<u>2,750</u>	<u>89,849</u>	<u>121,786</u>	<u>20,317,001</u>

Included in land and buildings is freehold land at valuation of £2,473,000 (2015: £1,773,000) which is not depreciated.

During the year the EFA provided a valuation for the land and buildings on conversion at a lower figure than estimated in the prior period. This reduction has been recorded within the current year.

**14. STOCKS**

	2016 £	2015 £
Uniform	<u>3,000</u>	<u>2,379</u>

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FOR THE YEAR ENDED 31 AUGUST 2016**

**15. DEBTORS**

	2016 £	2015 £
Trade debtors	10,822	14,058
Other debtors	383	321
Prepayments and accrued income	183,082	184,470
VAT recoverable	135,868	92,320
	330,155	291,169

**16. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Local authority loan transferred on conversion	24,000	24,000
Trade creditors	509,378	226,407
Other taxation and social security	43,598	50,019
Other creditors	35,081	34,075
Accruals and deferred income	114,982	135,111
	727,039	469,612

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	49,161	-
Resources deferred during the year	45,896	49,161
Amounts released from previous years	(49,161)	-
Deferred income at 31 August 2016	45,896	49,161

At the balance sheet date the academy trust was holding funds received in advance for trips booked for the autumn term.

**17. CREDITORS:  
Amounts falling due after more than one year**

	2016 £	2015 £
Local authority loan transferred on conversion	24,000	48,000
Other creditors	12,861	-
	36,861	48,000

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**18. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Reserves	448,828	199,736	-	(401,143)	-	247,421
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	7,303,149	(7,671,736)	368,587	-	-
Pupil premium	-	397,316	(397,316)	-	-	-
Local authority grants	-	202,795	(202,795)	-	-	-
Other educational operations	-	399,938	(399,938)	-	-	-
Pension reserve	(1,572,000)	-	(120,000)	-	(1,779,000)	(3,471,000)
	<u>(1,572,000)</u>	<u>8,303,198</u>	<u>(8,791,785)</u>	<u>368,587</u>	<u>(1,779,000)</u>	<u>(3,471,000)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	20,317,001	(1,644,000)	(408,365)	437,625	-	18,702,261
DfE/EFA capital grants - DFC	-	32,249	-	(32,249)	-	-
DfE/EFA capital grants - CIF	-	770,726	-	(372,820)	-	397,906
	<u>20,317,001</u>	<u>(841,025)</u>	<u>(408,365)</u>	<u>32,556</u>	<u>-</u>	<u>19,100,167</u>
Total restricted funds	<u>18,745,001</u>	<u>7,462,173</u>	<u>(9,200,150)</u>	<u>401,143</u>	<u>(1,779,000)</u>	<u>15,629,167</u>
Total of funds	<u><u>19,193,829</u></u>	<u><u>7,661,909</u></u>	<u><u>(9,200,150)</u></u>	<u><u>-</u></u>	<u><u>(1,779,000)</u></u>	<u><u>15,876,588</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. STATEMENT OF 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 EFA 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 need funding streams.

**Pupil premium**

This is funding received from the EFA for specific purposes.

**Local authority grants**

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

**Other educational activities**

This includes all other educational income/expenditure.

**Pension reserve**

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy 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/EFA capital grants**

This is money received from the DfE/EFA specifically for expenditure on tangible fixed assets.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Admiral Lord Nelson School	454,194	525,625
Trafalgar School	(206,773)	(76,797)
Total before fixed asset fund and pension reserve	<u>247,421</u>	<u>448,828</u>
Restricted fixed asset fund	19,100,167	20,317,001
Pension reserve	(3,471,000)	(1,572,000)
Total	<u><u>15,876,588</u></u>	<u><u>19,193,829</u></u>

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**18. STATEMENT OF FUNDS (continued)**

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

Name of academy	Amount of deficit £
Trafalgar School	(206,773)

Trafalgar School is increasing its number of pupils on roll following a change to co-educational status. £72,000 of the deficit arises following the transfer of an existing loan from the local authority on conversion.

The Academy is taking the following action to return the academies to surplus:

Grant funding is received in arrears based in part upon pupil numbers, and as a result an initial deficit will arise which will be subsequently cleared by increased grant funding in future years.

**ANALYSIS OF ACADEMIES BY COST**

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 excluding depreciation £	Total 2016 £	Total 2015 £
Admiral Lord						
Nelson School	3,228,030	1,314,977	52,578	1,101,605	5,697,190	7,900,195
Trafalgar School	1,867,229	636,557	23,225	567,584	3,094,595	1,223,889
	<u>5,095,259</u>	<u>1,951,534</u>	<u>75,803</u>	<u>1,669,189</u>	<u>8,791,785</u>	<u>9,124,084</u>

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	18,702,261	18,702,261	20,317,001
Current assets	247,421	763,900	397,906	1,409,227	966,440
Creditors due within one year	-	(727,039)	-	(727,039)	(469,612)
Creditors due in more than one year	-	(36,861)	-	(36,861)	(48,000)
Pension reserve	-	(3,471,000)	-	(3,471,000)	(1,572,000)
	<u>247,421</u>	<u>(3,471,000)</u>	<u>19,100,167</u>	<u>15,876,588</u>	<u>19,193,829</u>

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**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	£	£
Net (expenditure)/income for the year (as per Statement of financial activities)	(1,538,241)	19,158,829
<b>Adjustment for:</b>		
Depreciation charges	408,365	421,583
Increase in stocks	(621)	(2,379)
Increase in debtors	(38,986)	(291,169)
Increase in creditors	246,288	517,612
Defined benefit pension scheme cost less contributions payable	120,000	116,000
Balance transferred on conversion - tangible fixed assets	1,644,000	(20,608,250)
Balance transferred on conversion - pension deficit	-	1,491,000
<b>Net cash provided by operating activities</b>	<b>840,805</b>	<b>803,226</b>

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	£	£
Notice deposits (less than 3 months)	1,076,072	672,892
<b>Total</b>	<b>1,076,072</b>	<b>672,892</b>



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**22. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for 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 pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £33,940 were payable to the schemes at 31 August 2016 (2015 - £32,875) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £577,549 (2015 - £540,863).

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**22. PENSION COMMITMENTS (continued)**

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £324,000 (2015 - £339,000), of which employer's contributions totalled £251,000 (2015 - £260,000) and employees' contributions totalled £73,000 (2015 - £79,000). The agreed contribution rates for future years are 13.1% for employers and 5.5% - 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	<b>2016</b>	<i>2015</i>
Discount rate for scheme liabilities	<b>2.00 %</b>	<i>3.80 %</i>
Rate of increase in salaries	<b>3.50 %</b>	<i>3.50 %</i>
Rate of increase for pensions in payment / inflation	<b>2.00 %</b>	<i>2.00 %</i>
Inflation assumption (CPI)	<b>2.00 %</b>	<i>2.00 %</i>

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

	<b>2016</b>	<i>2015</i>
Retiring today		
Males	<b>24.6</b>	<i>24.5</i>
Females	<b>26.4</b>	<i>26.3</i>
Retiring in 20 years		
Males	<b>26.7</b>	<i>26.6</i>
Females	<b>28.7</b>	<i>28.6</i>

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**22. PENSION COMMITMENTS (continued)**

The Academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2016</b>	<i>Fair value at 31 August 2015</i>
	£	£
Equities	2,170,000	1,696,000
Property	283,000	242,000
Government bonds	1,007,000	761,000
Corporate bonds	69,000	50,000
Cash	199,000	97,000
Other	100,000	104,000
	<u>3,828,000</u>	<u>2,950,000</u>

The actual return on scheme assets was £625,000 (2015 - £89,000).

The amounts recognised in the statement of financial activities are as follows:

	<b>2016</b>	<i>2015</i>
	£	£
Current service cost	(316,000)	(326,000)
Interest cost	(55,000)	(50,000)
	<u>(371,000)</u>	<u>(376,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2016</b>	<i>2015</i>
	£	£
Opening defined benefit obligation	4,522,000	-
Upon conversion	-	4,022,000
Interest cost	172,000	155,000
Contributions by employees	73,000	79,000
Actuarial losses/(gains)	2,287,000	(51,000)
Current service costs	316,000	326,000
Benefits paid	(71,000)	(9,000)
	<u>7,299,000</u>	<u>4,522,000</u>

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**22. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	2,950,000	-
Upon conversion	-	2,531,000
Interest income	117,000	105,000
Actuarial gains and (losses)	508,000	(16,000)
Contributions by employer	251,000	260,000
Contributions by employees	73,000	79,000
Benefits paid	(71,000)	(9,000)
	<u>3,828,000</u>	<u>2,950,000</u>
Closing fair value of scheme assets	<u>3,828,000</u>	<u>2,950,000</u>

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**THE SALTERNS ACADEMY TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**23. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	33,976	48,301
Between 1 and 5 years	50,912	12,552
Total	<u>84,888</u>	<u>60,853</u>

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The Trust is a member of UTC Portsmouth, a University Technical College which is currently under construction. During the year the Trust provided land for use by UTC Portsmouth on a rent-free basis.

**25. MEMBERS' LIABILITY**

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

**26. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 4 March 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.