

---

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

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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

---

**CONTENTS**

---

	Page
<b>Reference and administrative details</b>	1
<b>Trustees' report</b>	2 - 8
<b>Governance statement</b>	9 - 12
<b>Statement on regularity, propriety and compliance</b>	13
<b>Statement of Trustees' responsibilities</b>	14
<b>Independent auditors' report on the financial statements</b>	15 - 17
<b>Independent reporting accountant's assurance report on regularity</b>	18 - 19
<b>Statement of financial activities incorporating income and expenditure account</b>	20
<b>Balance sheet</b>	21
<b>Statement of cash flows</b>	22
<b>Notes to the financial statements</b>	23 - 46

---

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

---

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Members**

D Giles  
M Park  
S Taviner

**Trustees**

C Copeland (appointed 3 May 2017)  
A Cree (appointed 23 November 2016)  
F Drummond (appointed 17 July 2017)  
D Georgeson (resigned 1 January 2017)  
D Giles (resigned 24 July 2017)  
N Hardingham  
P Hayes (appointed 17 July 2017)  
S Labeledz  
M Mitchell (appointed 4 October 2017)  
T Osborne (appointed 23 November 2016)  
M Park  
T Rampton (resigned 24 July 2017)  
S Sewell (resigned 1 January 2017)  
R Stone-Houghton (resigned 1 June 2017)  
M Stratton (appointed 1 March 2017)  
S Taviner

**Company registered number**

08921490

**Company name**

The Salterns Academy Trust

**Principal and registered office**

Admiral Lord Nelson School, Dundas Lane, Portsmouth, Hampshire, PO3 5XT

**Independent auditors**

Hopper Williams & Bell Limited, 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

---

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

---

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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 2016 until 31st August 2017. 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 1560 in the school census of October 2016.

**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 Chairs of Governors from Schools within the MAT (if either of these individuals also qualifies under other 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. Terms of Office for Directors are 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.

---

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

---

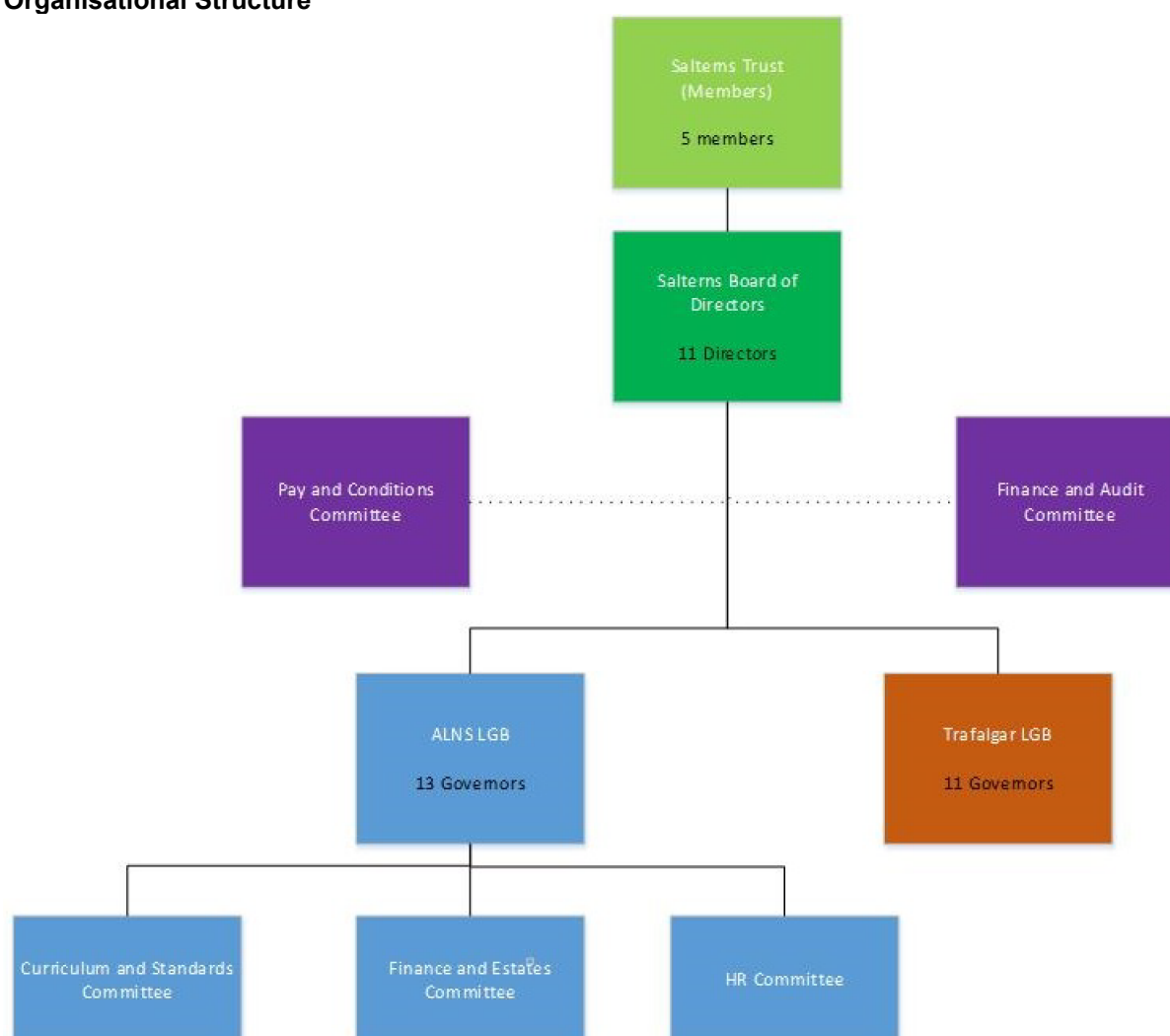
**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**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 including a Trust improvement plan
- To manage all Statutory Policy requirements for the Trust
- To develop Trust finance policies, approving and monitoring school and Trust budgets in accordance with the policy
- To develop Trust curriculum policies, monitoring school deployment of the policies
- 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 SALTERNS ACADEMY TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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 Salterns Academy Trust in meeting DfE and EFSA 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 and whether the school is rated as good or better by an external agency. This is continuously reviewed and varied as appropriate.

**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 below:

S Labeledz	Executive Head Teacher
Nys Hardingham	Headteacher (ALNS)
C Copeland	Headteacher (Trafalgar) from 1 January 2017
S Sewell	Headteacher (Trafalgar) to 31 December 2016
C Doherty	Deputy Headteacher (ALNS)
M Hutton	Deputy Headteacher (ALNS)
J Firth	Assistant Headteacher (ALNS)
D Wise	Assistant Headteacher (ALNS)
D Cherry	Assistant Headteacher (ALNS)
S Fenner	Assistant Headteacher (ALNS)
G Pearse	Assistant Headteacher (Trafalgar)
A Ghose	Assistant Headteacher (Trafalgar)
C Parsons	Director of Maths (ALNS)
C Green	Head of English (ALNS)
K Holness	Head of KS3 (ALNS)
B Woodall-Jones	Head of KS4 (ALNS)
B Young	HR Director
Y Barber	Business Manager

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.

---

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

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Objectives and Activities**

**Objects and Aims**

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

We will achieve this by:

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

**Objectives, Strategies and Activities**

In the time frame of this report, the Trust's main objectives were to support the improvements taking place in both schools, while continuing to develop the infrastructure and core function to perform successfully as a Multi-Academy Trust. All of this work was greatly assisted by the EFSA's decision in November to fund Trafalgar School on estimates rather than through the lagged funding mechanism which had so penalized the Trust in the previous year.

**Key Strategies:**

- Continue the performance improvements at ALNS and ensure Ofsted rate it at as least 'Good'
- 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 focused on improving the life chance of the young people of our catchment area. Educational achievement in Portsmouth is improving but 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 well above the Portsmouth average number go on to University and pursue commensurate careers. The Trust's activities are geared to providing the appropriate support and challenge for ALNS to continue to improve while, at the same time, bringing this same level of rigour and opportunity to the youngsters at Trafalgar School. 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.

---

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

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Strategic Report**

**Achievements and Performance**

In the period the following objectives were achieved:

- ALNS performance continued to strengthen, particularly in the new headline measure of Progress 8, following key staff development activities and curriculum development, see performance indicators below.
- Educational performance standards at Trafalgar have been improved, see indicators below.
- Recruitment to ALNS remained strong, filling to its increased admission number of 220 and retaining a waiting list.
- Recruitment to Trafalgar School met first choice targets and ensured the school continued to grow.

**Key Performance Indicators (Provisional Data)**

<b>KPI</b>	<b>National Figure</b>	<b>ALNS 2017</b>	<b>ALNS 2016</b>	<b>Trafalgar 2017</b>	<b>Trafalgar 2016</b>
4+EM	63%	65%	68%	44%	39%
Progress 8	0	-0.08	-0.39	-0.37	-0.41
Attainment 8	44.2	44.7	47.4	37.7	41.6
Attendance	94.80%	94%	94.20%	94.50%	94.50%
Student recruitment	n/a	100%	100%	73%	100%

**Financial performance**

As detailed elsewhere, the Trust completed the year with a positive balance despite reducing per pupil income due to ongoing Government cut-backs. In November 2016, the EFSA finally made the helpful decision to fund Trafalgar School on “estimates” rather than by the lagged funding mechanism for financial years 2016/17 and 2017/18. This brought significant extra funds into the school and allowed the Trust to start building back its reserves. The Trust is pursuing an extension to this mechanism for another two years, when Trafalgar is forecast to be growing at its fastest rate.

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

The Trust operated in 2016-17 by top slicing 5.5% of the GAG funding from each academy and returning any balances to the schools within the trust to be spent on improving the life chances of all the students. Other income is retained by the schools. As the Trust develops its core capabilities the top slice figure may be varied.

The Trust has established 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.



---

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

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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

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

Benchmarking is regularly carried out for all main lines of expenditure and 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 two months expenditure to ensure stability for its academies in a time of continuing funding turbulence. The reserve is required to manage unforeseen circumstances that may arise, such as long-term absence of staff; to support planned resource maintenance and development and is available to bids by an academy for specific improvement work.

The reserves as at 31 August 2017 were as follows:

- Unrestricted (free) reserves of £313,677
- A restricted fixed asset fund of £21,883,033, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £2,307,000
- Total funds of £19,889,710

There is a £2,307,000 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.

#### **Investment Policy**

The Trust's investment objectives are:

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

---

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

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**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 UTC which has been built on Trust land at the Trafalgar School site.
- Failure to recruit quality staff at all levels

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 with the UTC Trust about future membership of Salterns Trust

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

**Plans for future Periods**

The main objectives over the next financial year are:

- Continue the performance improvements at ALNS and build on the Ofsted rating of 'Good'
- Improve the performance of Trafalgar School
- Improve the number of students choosing to attend Trafalgar School
- Grow the number of students choosing to attend ALNS
- To make structural changes in both schools to protect students from the new financial realities

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

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

**Auditor**

Insofar as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors on 6 December 2017 and signed on the board's behalf by:

.....  
**M Mitchell**  
**Chair of Trustees**

---

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

---

**GOVERNANCE STATEMENT**

---

**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the 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.

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
D Giles, Trust Appointee	4	6
N Hardingham, Headteacher ALNS Trust Appointee	6	6
S Labeledz, Executive Headteacher and Accounting Officer	6	6
T Osborne, Trust Appointee	6	6
M Park, Trust Appointee	3	6
A Cree, Co-opted Director	5	6
S Taviner, Trust Appointee	5	6
M Stratton, Trust Appointee	1	3
P Hayes, Co-opted Director	1	1
F Drummond, Co-opted Director	1	1
C Copeland, Trust Appointee	2	2
D Georgeson, Trust Appointee (resigned 31st December 2016)	1	6
R Stone-Houghton, Trust Appointee (resigned 3rd May 2017)	4	4
T Rampton, Co-opted Appointee (resigned 17th July 2017)	5	6
S Sewell, Headteacher Trafalgar Trust Appointee (resigned 31st December 2017)	0	6

The board has been strengthened during the period by the appointment several new Trustees bringing outside knowledge, skills and experience.

**Governance reviews:**

The ongoing review of Governance in 2016/17 identified the key pieces of work which needed to be carried out to improve the smooth operation of the MAT. This has, for instance, clarified the different levels of delegation to the two LGB's and ensured all Trustees and governors are fully aware of their responsibilities. Most identified skills gaps have been filled by successful recruitment to the Trust and both LGB's.

Both the Regional School's Commissioner's education officer visit and the Ofsted visit at ALNS contributed helpfully to the ongoing review of governance.

The Trust continues to work with a National Leader of Governance to establish best working practice.

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

**GOVERNANCE STATEMENT (continued)**

Financial Committees

The Salterns Trust Board takes full responsibility for the financial management of the Trust. The Finance and Audit committee ensures that decisions taken in operating the Trust 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:

<b>ALNS Finance and Estates Committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Martine Churchill, Employee Elected	4	5
Nys Hardingham, Headteacher	5	5
Tania Osborne, Parent Elected	4	5
Toby Simmonds, Co-opted Appointee	5	5
Nathan Waites, Parent Elected	1	4
Justeen White, Co-opted Appointee	3	4

<b>Trafalgar Local Governing Body</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
M Stratton, Chair, Trust Appointee	10	12
S Wilson, Vice-Chair, Trust Appointee	8	12
S Labeledz, Executive Headteacher	12	12
H Tippett, Parent Governor	6	12
D Hepburn, Trust Appointee (resigned May 2017)	8	10
L Freeman, Staff Governor	8	8
C Copeland, Head of School	8	8
J Bennett, Trust Appointee	3	6
J Mansfield, Trust Appointee	6	6
S Sayer, Trust Appointee (resigned Jul 2017)	2	6
D Georgeson, Trust Appointee (resigned Jan 2017)	5	5
C Vaughan, Staff Governor (resigned May 2017)	1	3

**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.

---

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

---

**GOVERNANCE STATEMENT (continued)**

---

**Review of Value for Money (continued)**

- 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.
  
- Two further CIF bids have brought a further £2million capital investment into the Trust's buildings
  
- The Trust has continued the process of overhauling all of its central functions looking for the value for money that economies of scale can bring. The Trust central team comprises, the Executive Head, a Business Manager, an HR and Compliance Director and assistant, a Finance Manager and a finance team to join the previously shared network manager.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the Academy 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

---

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

---

**GOVERNANCE STATEMENT (continued)**

---

**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.

**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 6 December 2017 and signed on their behalf, by:

.....  
**M Mitchell**  
**Chair of Trustees**

.....  
**S Labeledz**  
**Accounting Officer**

---

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

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of The Salterns Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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

.....  
**S Labeledz**  
**Accounting Officer**

Date: 6 December 2017

---

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

---

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 6 December 2017 and signed on its behalf by:

.....  
**M Mitchell**  
**Chair of Trustees**



---

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

---

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

---

**OPINION**

We have audited the financial statements of The Salterns Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 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.

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

---

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

---

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

---

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

---

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

---

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

---

**RESPONSIBILITIES OF TRUSTEES**

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

Michaela Johns FCCA (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:

---

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

---

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

---

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE SALTERNS ACADEMY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Salterns Academy Trust's funding agreement with the Secretary of State for Education dated 4 March 2014, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

---

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

---

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
SALTERNS ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

---

**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 ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy'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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Michaela Johns FCCA

**Hopper Williams & Bell Limited**

Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date:

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Transfer on conversion	2	-	-	-	-	(1,644,000)
Other donations and capital grants	2	12,001	-	2,985,215	2,997,216	817,500
Charitable activities	5	-	8,982,387	-	8,982,387	8,303,198
Other trading activities	3	183,957	-	-	183,957	183,928
Investments	4	777	-	-	777	1,283
<b>TOTAL INCOME</b>		<b>196,735</b>	<b>8,982,387</b>	<b>2,985,215</b>	<b>12,164,337</b>	<b>7,661,909</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	9,142,617	440,598	9,583,215	9,200,150
<b>TOTAL EXPENDITURE</b>	6	-	9,142,617	440,598	9,583,215	9,200,150
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	18	196,735 (130,479)	(160,230) (107,770)	2,544,617 238,249	2,581,122 -	(1,538,241) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,432,000	-	1,432,000	(1,779,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>66,256</b>	<b>1,164,000</b>	<b>2,782,866</b>	<b>4,013,122</b>	<b>(3,317,241)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		247,421	(3,471,000)	19,100,167	15,876,588	19,193,829
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>313,677</b>	<b>(2,307,000)</b>	<b>21,883,033</b>	<b>19,889,710</b>	<b>15,876,588</b>

The notes on pages 23 to 46 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>19,971,710</b>		18,702,261
<b>CURRENT ASSETS</b>					
Stocks	14	1,412		3,000	
Debtors	15	1,891,947		330,155	
Cash at bank and in hand		1,055,149		1,076,072	
			<u>2,948,508</u>	<u>1,409,227</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	<b>(638,234)</b>		<b>(727,039)</b>	
<b>NET CURRENT ASSETS</b>			<u><b>2,310,274</b></u>		<u>682,188</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>22,281,984</b></u>		<u>19,384,449</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17		<u><b>(85,274)</b></u>		<u>(36,861)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u><b>22,196,710</b></u>		<u>19,347,588</u>
Defined benefit pension scheme liability	23		<u><b>(2,307,000)</b></u>		<u>(3,471,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u><b>19,889,710</b></u></u>		<u><u>15,876,588</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds excluding pension liability		21,883,033		19,100,167	
Pension reserve		(2,307,000)		(3,471,000)	
Total restricted income funds			<u><b>19,576,033</b></u>		<u>15,629,167</u>
Unrestricted income funds	18		<u><b>313,677</b></u>		<u>247,421</u>
<b>TOTAL FUNDS</b>			<u><u><b>19,889,710</b></u></u>		<u><u>15,876,588</u></u>

The financial statements on pages 20 to 46 were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:

.....  
**M Mitchell**  
**Chair of Trustees**

---

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

---

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<u>1,689,124</u>	<u>840,805</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(1,710,047)</u>	<u>(437,625)</u>
<b>Net cash used in investing activities</b>		<u>(1,710,047)</u>	<u>(437,625)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(20,923)</b>	<b>403,180</b>
Cash and cash equivalents brought forward		<u>1,076,072</u>	<u>672,892</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>1,055,149</u></u>	<u><u>1,076,072</u></u>



---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**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.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**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 receipt is probable 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.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**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.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost 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 valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Not provided
Freehold property	-	50 years straight line basis
Long-term leasehold land	-	Not provided
Long-term leasehold property	-	Lower of 50 years straight line basis or length of lease
Motor vehicles	-	20% straight line basis
Fixtures and fittings	-	20% straight line basis
Computer equipment	-	33% straight line basis

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

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

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**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 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.

**1.10 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.

**1.11 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.

**1.12 Liabilities and provisions**

Liabilities and provisions 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.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. ACCOUNTING POLICIES (continued)**

**1.13 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 23, 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.15 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

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

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Transfer on conversion	-	-	-	<i>(1,644,000)</i>
Donations	<b>12,001</b>	-	<b>12,001</b>	<i>14,525</i>
Capital grants	-	<b>2,985,215</b>	<b>2,985,215</b>	<i>802,975</i>
Subtotal	<b>12,001</b>	<b>2,985,215</b>	<b>2,997,216</b>	<i>817,500</i>
	<b>12,001</b>	<b>2,985,215</b>	<b>2,997,216</b>	<i>(826,500)</i>
<i>Total 2016</i>	<i>14,525</i>	<i>(841,025)</i>	<i>(826,500)</i>	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**3. OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Lettings income	151,125	-	151,125	147,612
Music tuition	4,192	-	4,192	5,075
Sale of goods and services	26,154	-	26,154	15,159
Uniform income	2,486	-	2,486	16,082
	<u>183,957</u>	<u>-</u>	<u>183,957</u>	<u>183,928</u>
<i>Total 2016</i>	<u>183,928</u>	<u>-</u>	<u>183,928</u>	

**4. INVESTMENT INCOME**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Bank interest	777	-	777	1,283
	<u>777</u>	<u>-</u>	<u>777</u>	<u>1,283</u>
<i>Total 2016</i>	<u>1,283</u>	<u>-</u>	<u>1,283</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	7,948,434	7,948,434	7,303,149
DfE/ESFA other grants	-	461,656	461,656	397,316
	-	8,410,090	8,410,090	7,700,465
<b>Other government grants</b>				
Local authority grants	-	141,166	141,166	202,795
	-	141,166	141,166	202,795
<b>Other funding</b>				
Trip income	-	136,997	136,997	145,535
Catering income	-	183,818	183,818	191,140
Other income	-	110,316	110,316	63,263
	-	431,131	431,131	399,938
	-	8,982,387	8,982,387	8,303,198
<i>Total 2016</i>	-	8,303,198	8,303,198	



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's educational operations					
Direct costs	5,135,434	-	371,063	5,506,497	5,422,175
Support costs	2,100,940	614,734	1,361,044	4,076,718	3,777,975
	<u>7,236,374</u>	<u>614,734</u>	<u>1,732,107</u>	<u>9,583,215</u>	<u>9,200,150</u>
<i>Total 2016</i>	<u>7,046,793</u>	<u>481,107</u>	<u>1,672,250</u>	<u>9,200,150</u>	

**7. ANALYSIS OF SUPPORT COSTS**

	Educational operations £	Total 2017 £	Total 2016 £
Technology costs	108,872	108,872	106,779
Premises costs	614,734	614,734	481,107
Governance costs	18,178	18,178	16,853
Other costs	793,396	793,396	813,337
Wages and salaries	1,545,384	1,545,384	1,560,480
National insurance	98,126	98,126	88,391
Pension cost	457,430	457,430	302,663
Depreciation	440,598	440,598	408,365
	<u>4,076,718</u>	<u>4,076,718</u>	<u>3,777,975</u>
<i>At 31 August 2016</i>	<u>3,777,975</u>	<u>3,777,975</u>	

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	440,598	408,365
Auditors' remuneration - audit	10,470	10,165
Auditors' remuneration - other services	7,708	4,265
Operating lease rentals	57,329	51,840
	<u>516,105</u>	<u>474,635</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**9. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>5,634,629</b>	5,680,693
Social security costs	<b>518,589</b>	456,931
Operating costs of defined benefit pension schemes	<b>1,078,650</b>	909,169
	<b>7,231,868</b>	7,046,793
Apprenticeship levy	<b>4,506</b>	-
	<b>7,236,374</b>	7,046,793

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>96</b>	90
Administration and support	<b>136</b>	118
Management	<b>11</b>	11
	<b>243</b>	219

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	2
In the band £70,001 - £80,000	<b>0</b>	1
In the band £80,001 - £90,000	<b>1</b>	0
In the band £100,001 - £110,000	<b>1</b>	1

The key management personnel of the academy trust comprise the senior management team as listed on page 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,223,079 (2016: £1,209,445).

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**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:

Flat percentage of income (5.5%)

The actual amounts charged during the year were as follows:

	<b>2017</b>	<i>2016</i>
	£	£
Admiral Lord Nelson School	<b>264,996</b>	<i>105,353</i>
Trafalgar School	<b>177,382</b>	<i>47,261</i>
	<b>442,378</b>	<i>152,614</i>
Total	<b>442,378</b>	<i>152,614</i>

**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:

		<b>2017</b>	<i>2016</i>
		<b>£'000</b>	<i>£'000</i>
S Labeledz	Remuneration	<b>100-105</b>	<i>100-105</i>
	Pension contributions paid	<b>15-20</b>	<i>15-20</i>
N Hardingham	Remuneration	<b>80-85</b>	<i>75-80</i>
	Pension contributions paid	<b>10-15</b>	<i>10-15</i>
S Sewell (reigned 31 December 2016)	Remuneration	<b>20-25</b>	<i>55-60</i>
	Pension contributions paid	-	-
C Copeland (appointed 17 July 2017)	Remuneration	<b>5-10</b>	-
	Pension contributions paid	<b>0-5</b>	-

During the year Trustees received reimbursed travel expenses of £89 (2016: £nil).

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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**

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 September 2016	7,214,722	11,984,422	3,000	135,972	194,093	19,532,209
Additions	1,424,203	258,266	-	5,531	22,047	1,710,047
Disposals	-	-	-	(4,494)	(3,300)	(7,794)
At 31 August 2017	<u>8,638,925</u>	<u>12,242,688</u>	<u>3,000</u>	<u>137,009</u>	<u>212,840</u>	<u>21,234,462</u>
<b>Depreciation</b>						
At 1 September 2016	171,669	523,108	850	48,569	85,752	829,948
Charge for the year	128,822	220,785	600	28,024	62,367	440,598
On disposals	-	-	-	(4,494)	(3,300)	(7,794)
At 31 August 2017	<u>300,491</u>	<u>743,893</u>	<u>1,450</u>	<u>72,099</u>	<u>144,819</u>	<u>1,262,752</u>
<b>Net book value</b>						
At 31 August 2017	<u>8,338,434</u>	<u>11,498,795</u>	<u>1,550</u>	<u>64,910</u>	<u>68,021</u>	<u>19,971,710</u>
At 31 August 2016	<u>7,043,053</u>	<u>11,461,314</u>	<u>2,150</u>	<u>87,403</u>	<u>108,341</u>	<u>18,702,261</u>

**14. STOCKS**

	2017 £	2016 £
Uniform	<u>1,412</u>	<u>3,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**15. DEBTORS**

	2017 £	2016 £
Trade debtors	15,386	10,822
Other debtors	24	383
Prepayments and accrued income	1,704,223	183,082
Recoverable VAT	172,314	135,868
	1,891,947	330,155

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

	2017 £	2016 £
Other loans	15,834	24,000
Trade creditors	105,479	509,378
Other taxation and social security	-	43,598
Other creditors	43,733	35,081
Accruals and deferred income	473,188	114,982
	638,234	727,039

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	45,896	49,161
Resources deferred during the year	121,235	45,896
Amounts released from previous years	(45,896)	(49,161)
Deferred income at 31 August 2017	121,235	45,896

Deferred income includes monies received in advance for trips booked for 2017/18 and grant income received in advance.

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

	2017 £	2016 £
Other loans	85,274	24,000
Other creditors	-	12,861
	85,274	36,861

Other loans comprises Salix energy efficiency loans which are repayable in instalments between March 2018 and September 2024. No interest was charged on the Salix loans.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**18. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
Reserves	247,421	196,735	-	(130,479)	-	313,677
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	7,948,434	(7,840,664)	(107,770)	-	-
Pupil premium	-	461,656	(461,656)	-	-	-
Local authority grants	-	141,166	(141,166)	-	-	-
Other educational operations	-	431,131	(431,131)	-	-	-
Pension reserve	(3,471,000)	-	(268,000)	-	1,432,000	(2,307,000)
	<u>(3,471,000)</u>	<u>8,982,387</u>	<u>(9,142,617)</u>	<u>(107,770)</u>	<u>1,432,000</u>	<u>(2,307,000)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	18,702,261	-	(440,598)	1,710,047	-	19,971,710
DfE/ESFA capital grants - DFC (ALNS)	-	20,774	-	(20,774)	-	-
DfE/ESFA capital grants - DFC (Trafalgar)	-	12,201	-	(11,662)	-	539
DfE/ESFA capital grants - CIF (ALNS)	133,129	-	-	(100,648)	-	32,481
DfE/ESFA capital grants - CIF (Trafalgar)	264,777	2,952,240	-	(1,338,714)	-	1,878,303
	<u>19,100,167</u>	<u>2,985,215</u>	<u>(440,598)</u>	<u>238,249</u>	<u>-</u>	<u>21,883,033</u>
Total restricted funds	<u>15,629,167</u>	<u>11,967,602</u>	<u>(9,583,215)</u>	<u>130,479</u>	<u>1,432,000</u>	<u>19,576,033</u>
Total of funds	<u><u>15,876,588</u></u>	<u><u>12,164,337</u></u>	<u><u>(9,583,215)</u></u>	<u><u>-</u></u>	<u><u>1,432,000</u></u>	<u><u>19,889,710</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2015</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2016</i>
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
Reserves	448,828	199,736	-	(401,143)	-	247,421
	<u>448,828</u>	<u>199,736</u>	<u>-</u>	<u>(401,143)</u>	<u>-</u>	<u>247,421</u>
<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/ESFA capital grants - DFC (ALNS)	-	20,740	-	(20,740)	-	-
DfE/ESFA capital grants - DFC (Trafalgar)	-	11,509	-	(11,509)	-	-
DfE/ESFA capital grants - CIF (ALNS)	-	206,227	-	(73,098)	-	133,129
DfE/ESFA capital grants - CIF (Trafalgar)	-	564,499	-	(299,722)	-	264,777
	<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>19,193,829</u>	<u>7,661,909</u>	<u>(9,200,150)</u>	<u>-</u>	<u>(1,779,000)</u>	<u>15,876,588</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 ESFA to carry out the objectives of the academy. It includes the school budget share, minimum funding guarantee, education services grant, insurance, rates and pre-16 high need funding streams.

**Pupil premium**

This is funding received from the ESFA for specific purposes.

**Local authority grants**

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

**Other educational activities**

This includes all other educational income/expenditure.

**Pension reserve**

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

**Fixed asset fund**

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

**DfE/ESFA capital grants**

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Admiral Lord Nelson School	<b>396,730</b>	454,194
Trafalgar School	<b>(143,030)</b>	(206,773)
Central services	<b>59,977</b>	-
Total before fixed asset fund and pension reserve	<b>313,677</b>	247,421
Restricted fixed asset fund	<b>21,883,033</b>	19,100,167
Pension reserve	<b>(2,307,000)</b>	(3,471,000)
Total	<b>19,889,710</b>	15,876,588



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

<b>Name of academy</b>	<b>Amount of deficit £</b>
Trafalgar School	<b>(143,030)</b>

In addition to the above, a balance of £110,000 (2016: £nil) was due to Admiral Lord Nelson School from Trafalgar School at the year-end.

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

Trafalgar School is increasing its number of pupils on roll following a change to co-educational status. Grant funding has previously been received in arrears based in part upon pupil numbers, and as a result an initial deficit has arisen. The Academy Trust has been in discussions with the ESFA regarding funding and a three-year plan is in place to return the Academy to a surplus position.

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciat- ion £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Admiral Lord						
Nelson School	<b>3,163,081</b>	<b>1,310,235</b>	<b>59,569</b>	<b>1,163,223</b>	<b>5,696,108</b>	<i>5,697,190</i>
Trafalgar School	<b>1,972,353</b>	<b>790,705</b>	<b>26,855</b>	<b>656,596</b>	<b>3,446,509</b>	<i>3,094,595</i>
	<b><u>5,135,434</u></b>	<b><u>2,100,940</u></b>	<b><u>86,424</u></b>	<b><u>1,819,819</u></b>	<b><u>9,142,617</u></b>	<b><u>8,791,785</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	19,971,710	19,971,710
Current assets	313,677	622,403	2,012,428	2,948,508
Creditors due within one year	-	(622,403)	(15,831)	(638,234)
Creditors due in more than one year	-	-	(85,274)	(85,274)
Pension reserve	-	(2,307,000)	-	(2,307,000)
	<u>313,677</u>	<u>(2,307,000)</u>	<u>21,883,033</u>	<u>19,889,710</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i> 2016 £	<i>Restricted funds</i> 2016 £	<i>Restricted fixed asset funds</i> 2016 £	<i>Total funds</i> 2016 £
Tangible fixed assets	-	-	18,702,261	18,702,261
Current assets	247,421	763,900	397,906	1,409,227
Creditors due within one year	-	(727,039)	-	(727,039)
Creditors due in more than one year	-	(36,861)	-	(36,861)
Provisions for liabilities and charges	-	(3,471,000)	-	(3,471,000)
	<u>247,421</u>	<u>(3,471,000)</u>	<u>19,100,167</u>	<u>15,876,588</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,581,122	(1,538,241)
<b>Adjustment for:</b>		
Depreciation charges	440,598	408,365
Decrease/(increase) in stocks	1,588	(621)
Increase in debtors	(1,561,792)	(38,986)
(Decrease)/increase in creditors	(40,392)	246,288
Defined benefit pension scheme cost less contributions payable	268,000	120,000
Balance transferred on conversion - tangible fixed assets	-	1,644,000
<b>Net cash provided by operating activities</b>	<b>1,689,124</b>	<b>840,805</b>

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

	2017 £	2016 £
Notice deposits (less than 3 months)	1,055,149	1,076,072
Total	<b>1,055,149</b>	<b>1,076,072</b>

**22. CAPITAL COMMITMENTS**

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<b>1,878,000</b>	-

**23. 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 2016.

Contributions amounting to £nil were payable to the schemes at 31 August 2017 (2016 - £33,940) and are included within creditors.

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**23. PENSION COMMITMENTS (continued)**

**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**

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 is currently underway based on April 2016 data, 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 £587,596 (2016 - £577,549).

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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**23. PENSION COMMITMENTS (continued)**

**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 2017 was £347,000 (2016 - £324,000), of which employer's contributions totalled £271,000 (2016 - £251,000) and employees' contributions totalled £76,000 (2016 - £73,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %

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

	2017	2016
Retiring today		
Males	24.0	24.6
Females	27.0	26.4
Retiring in 20 years		
Males	26.0	26.7
Females	29.3	28.7

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	6,741,000	7,157,000
Discount rate -0.1%	7,034,000	7,443,000
Mortality assumption - 1 year increase	6,683,000	7,067,000
Mortality assumption - 1 year decrease	7,090,000	7,533,000

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**23. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2017 £</b>	<i>Fair value at 31 August 2016 £</i>
Equities	<b>2,802,000</b>	<i>2,343,000</i>
Property	<b>298,000</b>	<i>249,000</i>
Government bonds	<b>1,136,000</b>	<i>949,000</i>
Corporate bonds	<b>50,000</b>	<i>42,000</i>
Cash and other liquid assets	<b>137,000</b>	<i>115,000</i>
Other	<b>156,000</b>	<i>130,000</i>
	<b>4,579,000</b>	<i>3,828,000</i>

The actual return on scheme assets was £453,000 (2016 - £625,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2017 £</b>	<i>2016 £</i>
Current service cost	<b>(473,000)</b>	<i>(316,000)</i>
Net interest cost	<b>(66,000)</b>	<i>(55,000)</i>
	<b>(539,000)</b>	<i>(371,000)</i>

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

	<b>2017 £</b>	<i>2016 £</i>
Opening defined benefit obligation	<b>7,299,000</b>	<i>4,522,000</i>
Current service cost	<b>473,000</b>	<i>316,000</i>
Interest cost	<b>146,000</b>	<i>172,000</i>
Employee contributions	<b>76,000</b>	<i>73,000</i>
Actuarial (gains)/losses	<b>(1,059,000)</b>	<i>2,287,000</i>
Benefits paid	<b>(49,000)</b>	<i>(71,000)</i>
	<b>6,886,000</b>	<i>7,299,000</i>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**23. PENSION COMMITMENTS (continued)**

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

	2017	2016
	£	£
Opening fair value of scheme assets	3,828,000	2,950,000
Interest income	80,000	117,000
Actuarial losses	373,000	508,000
Employer contributions	271,000	251,000
Employee contributions	76,000	73,000
Benefits paid	(49,000)	(71,000)
	4,579,000	3,828,000
	4,579,000	3,828,000

**24. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
<b>Amounts payable:</b>		
Within 1 year	47,324	33,976
Between 1 and 5 years	80,948	50,912
	128,272	84,888
	128,272	84,888

**25. 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.

a) 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.

b) The Trust purchased services totalling £1,200 from a close family member of C Copeland (Trustee).

c) The Trust purchased services totalling £638 from a close family member of Y Barber (member of senior management team).

---

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

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**26. MEMBERS' LIABILITY**

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