



Salterlee Academy Trust Limited

(Company limited by guarantee)

FINANCIAL STATEMENTS

31 AUGUST 2017

Company Registration Number 07712946



Spenser Wilson
Chartered Accountants & Business Advisers

SALTERLEE ACADEMY TRUST LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2017

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SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

REPORT OF THE GOVERNORS (INCORPORATING THE DIRECTORS' REPORT) *(continued)*

YEAR ENDED 31 AUGUST 2017

REFERENCE AND ADMINISTRATIVE DETAILS

| | | | |
|---|--|--------------------------|------------------------------|
| Local authority | Calderdale Council | | |
| Company registration number | 07712946 | | |
| Principal office and registered office | Kell Lane Shibden Halifax HX3 7AY | | |
| Governors | John B Kaye | Chair | (Resigned 19 September 2017) |
| | Steven Crossley | Co-opted Governor | |
| | Diane Cooper | Co-opted Governor | |
| | Mark Scott | Ex-officio Governor | |
| | Matthew Combes | Parent Governor | (Resigned 5 July 2017) |
| | Deborah Collet | Staff Governor | |
| | Nicola Hanson | Parent Governor | |
| | Rekha Womersley | Community Governor | (Appointed 1 September 2016) |
| | Lucy Evans | Local Authority Governor | (Appointed 1 December 2016) |
| | Kirsten Ginesi | Chair - Parent Governor | (Appointed 1 December 2016) |
| | Chris Widdop | Parent Governor | (Appointed 1 March 2017) |
| Members | John B Kaye Elaine Smith Nicola Pennington Kirsten Ginesi | | |
| Accounting officer | Mark Scott | | |
| Auditor | Spenser Wilson Ltd Chartered Accountants and Statutory Auditor Equitable House 55 Pellon Lane Halifax West Yorkshire HX1 5SP | | |
| Bankers | Yorkshire Bank 7 Waterhouse Street Halifax West Yorkshire HX1 1XZ | | |
| Solicitors | Wilkinson Woodward 11 Fountain Street Halifax West Yorkshire HX1 1LU | | |

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REPORT OF THE GOVERNORS (INCORPORATING THE DIRECTORS' REPORT) *(continued)*

YEAR ENDED 31 AUGUST 2017

The governors present their report and the financial statements of the charity for the year ended 31 August 2017.

Salterlee Academy Trust Ltd is a primary academy for pupils aged 4-11. It is based in West Yorkshire and has a pupil capacity of 105. In the school census 21 May 2017 and had a roll of 99 pupils.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and, under the terms of the Academies Act 2010, an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The company was incorporated on 21 July 2011 and the Academy opened on 1 September 2011.

Governors

The governors act as the directors of the charitable company, Salterlee Academy Trust Limited, for the purposes of company law and as trustees for the charitable activities of the company.

Governors are appointed for a four-year term of office. During the period under review the governors held four full Governing Body meetings. In addition, the Finance and Resource Committee met three times, and the Education Committee met twice.

The training and induction provided for all new governors will depend on their existing experience; an Induction Pack is given to all governors. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents that they will need to undertake their role as governor. As there are normally only two or three new governors a year, induction tends to be done informally and is tailored specifically to the individual's needs.

Governors' indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The insurance is purchased through the government's RPA scheme.

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 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.

Organisational structure

The structure now consists of two levels, the Governors and the Senior Manager Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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REPORT OF THE GOVERNORS (INCORPORATING THE DIRECTORS' REPORT) *(continued)*

YEAR ENDED 31 AUGUST 2017

The governors are responsible for setting general policy, approving the School Development Plan, approving the school budget, monitoring the Academy by the use of budgets and making major decisions about the Academy's direction, capital expenditure and senior staff appointments.

The senior managers are the Headteacher, Mark Scott, and Assistant Headteacher, Emma Marshall. They are responsible for the day-to-day operation of the Academy, in particular organising the teaching staff and curriculum, overseeing the curriculum delivery and co-ordinating the well-being of staff and children.

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is the operation of Salterlee Academy Trust to provide education for pupils of different abilities between the ages of 4 and 11.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education.

The main objectives of the Academy during the period ended 31 August 2017 are summarised below:-

- To encourage the development of a wide range of learning opportunities for all those associated with Salterlee Academy Trust.
 - To provide a stimulating, challenging and creative learning environment.
 - To provide extension and support opportunities for all abilities.
 - To maintain high expectation levels for children's all-round performance.
 - To set realistic goals and targets for the whole Academy, Key Stages, year groups, classes and individuals.
 - To promote a healthy lifestyle.
 - To ensure all children have access to physical activities and are aware of the need to be physically healthy.
 - To provide accurate information about drugs to ensure our children make the right choices in their everyday lives.
 - To provide a safe and caring environment where all children feel valued.
 - To encourage an empathy with the needs of others and a respect for all regardless of culture, race or religion.
 - To promote, in all children, a clear understanding of right and wrong.
 - To help our children become independent learners, developing enquiring minds and the ability to ask questions.
 - To enable our children to develop knowledge of the world in which they live.
 - To establish and maintain good working and caring relationships between all stakeholders.
 - To encourage children to take personal responsibility for their own actions and develop positive strategies of self-discipline.
 - To enable all members of our Academy community to experience success within their own development.
 - To help our children to appreciate the importance of beliefs and values in human affairs.
 - To promote a sense of belief in all individuals by encouraging enterprising actions.
 - To ensure all stakeholders, including children, have opportunities to contribute to relevant school decision-making.
 - To help our children towards an understanding of their responsibilities as citizens.
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SALTERLEE ACADEMY TRUST LIMITED

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REPORT OF THE GOVERNORS (INCORPORATING THE DIRECTORS' REPORT) *(continued)*

YEAR ENDED 31 AUGUST 2017

- To acknowledge and reward personal achievement through praise and encouragement.
- To ensure children leave Salterlee Academy Trust with the necessary knowledge, skills and understanding from within a broad and rich curriculum to achieve their full potential.

The Academy works closely with the children, their families and the local community in furtherance of these objectives.

After-School Provision

The Academy runs an Out of School Club (OOSC) during term times providing both morning and after-school care for children who attend Salterlee School. The finances of the OOSC fall under the remit of the Academy's Finance Committee and are reviewed at their termly meetings.

Public benefit

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commissions general guidance on public benefit. Salterlee aims to provide the best possible education to pupils from the Shibden Valley and surrounding areas.

In addition to the benefits the academy provides to its pupils, the academy has contributed to the wider community through its participation in a schools linking programme and has helped provide sporting opportunities for children in other settings through its organisation of the small schools swimming gala.

The academy has taken on a long term commitment towards developing the educational resources of a local museum and has established links with a local church, including the creation of food parcels for a local homeless charity as part of a harvest festival. This is one of a number of local charity projects in which the academy has been involved. Children also contributed to improving the local environment by planting over 100 trees in a local wood.

Equal opportunities policy

The principal object and activity of the charitable company is the operation of Salterlee Academy Trust to provide education for pupils of different abilities between the ages of 4 and 11.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education.

STRATEGIC REPORT

Risk management

The governors continue to monitor the risks that the Academy Trust is exposed to, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances, all of which are outlined on the Risk Register. They consider the most significant potential risks to be:

- Reputational damage due to poor Ofsted results
 - Personnel risks relating to the recruitment of the wrong person or poor Human Resources management, or from staff stress not being managed effectively
 - Poor decision making resulting from the absence of strong governance committees or insufficient training for such committees
 - Financial risks identified due to Treasury policies for the increase to Teachers Pension contributions and future increases to National Insurance rates.
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REPORT OF THE GOVERNORS (INCORPORATING THE DIRECTORS' REPORT) *(continued)*

YEAR ENDED 31 AUGUST 2017

The governors have implemented a number of systems to assess the risks that the school faces, especially in the operational areas, e.g. in relation to teaching, health and safety, bullying and school trips, and in relation to the control of finance. They have introduced systems, including operational procedures, e.g. vetting of new staff and visitors, supervision of school grounds, and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

We do not consider that the academy has any significant exposure to financial risks such as price risk, credit risk or liquidity risk.

ACHIEVEMENTS AND PERFORMANCE

Throughout the year the academy was affected negatively through staffing issues. Although, in the main more stable than in previous years, the departure of the PE coordinator meant that delivering the range of sporting opportunities previously offered was a greater challenge. To resolve this external coaches were used and other members of staff took on additional duties.

Additional maternity leave also meant that the academy was required to use temporary staff to cover key year groups.

Financial constraints, exasperated by a reduction in pupil numbers and increased costs meant that the school was less able to provide school leaders with appropriate amounts of release time.

Financial constraints also led the school to significantly reduce the scale its service level agreement with the authority's traded music service.

Total pupils on roll in the period ended 31 August 2017 numbered 99; this is split between the year groups as follows:

| | |
|-----------|----|
| Reception | 15 |
| Y1 | 15 |
| Y2 | 13 |
| Y3 | 15 |
| Y4 | 13 |
| Y5 | 15 |
| Y6 | 13 |

The Academy has obtained agreement from the Department for Education (DfE) to admit 15 pupils in each year from September 2012. An additional pupil was admitted following the decision of an independent appeals panel. The panel felt that due to circumstances surrounding a family bereavement admitting the additional child was appropriate.

All groups are planned for, assessed regularly and teaching adapted to suit the learning needs of all our children. Progress is monitored carefully and children are identified for intervention if needed. The careful monitoring and evaluation procedure used impacts positively on the attainment of our children.

At the end of the academic year 2017, statutory assessments showed that overall attainment at Key Stage

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1 and Key Stage 2 was above the national average. The proportion of pupils achieving the highest levels in Reading, Writing and Maths was above the national average in Key Stages 1 and similar to the national average in Key Stage 2. Progress between key stages was above the floor standard for England and Wales. The proportion of pupils in Year 1 who passed the KS1 phonics screening was also significantly above average. In addition to this the proportion of pupils in the early years who achieved a good level of development was significantly above the national average.

To make the outdoor learning environment more stimulating improvements were made throughout the year. These centred on investing in outdoor resources for the early years; including the provision of a fixed role play area. Additionally, the outdoors area for early years was extended through the removal of older fixtures such as a water course.

The outdoor learning environment was also greatly improved through the partial completion of stone built raised beds, a stone built amphitheatre (to encourage creative development) and the replacement of rotten decking.

To promote healthy lifestyles the school worked throughout the year with the authority's 'Better Living Team'. Themed health days were held to re-enforce pupils' understanding of the benefits of healthy eating, exercise and sleep.

To improve pupils' opportunities to exercise the school has introduced a house system and a programme of intra-school sports competitions to increase participation for all year groups.

To improve pupils' awareness of drugs two awareness days were organised involving contributions from the d:side drugs awareness charity and West Yorkshire Police.

To improve awareness of other cultures and religions a programme of multi-faith visits was embedded into the R.E. curriculum.

To help support the development of pupils as good citizens a themed week was organised to promote British Values.

Priorities for 2017/18

The school's priorities continue to focus upon:

- Maintaining pupil progress in reading, writing and maths above the national average in KS1 & KS2.
- Increasing opportunities for intra-school sports participation and provide older pupils with Sports Leadership roles.
- Improving the progress of boys so that it matches that of girls.
- Improving the provision in the Early Years by making better use of technology.

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YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW

Going concern

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

The restricted income fund has a deficit of £129,472. This is due to a recognised pension deficit of £164,000.

Pension deficit

The pension fund reserve shows a deficit of £164,000, which has arisen due to prior contribution levels and changes in the general economic environment. Following a review by the Local Government Pension Scheme, a twenty-two-year recovery period has been agreed. As part of the recovery plan, the Academy made additional contributions of £600 in 2013-14, £2,500 in 2014-15, £2,400 in 2015-16 and £2,400 in 2016-17. The level of additional contributions is reviewed every three years. The Academy will make additional contributions of £600 for each of the next three financial years to 2019-2020.

Key financial performance indicators

A budget was set at the start of the year with the aim of ensuring expenditure remained within the limits of funding without building up an excessive surplus for which there was no identified use. This target has been achieved.

Financial report for the period

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2017, the excess of total expenditure over total income for the period (including restricted fixed asset funds but before the pension deficit) was £54,788.

At 31 August 2017 the net book value of fixed assets was £788,025 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy. The Devolved Capital Formula Grant of £5,193 is carried forward against future capital expenditure.

Reserves policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitment and the nature of reserves.

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YEAR ENDED 31 AUGUST 2017

The governors noted in the minutes of the finance meeting held in June 2013 that a sensible level of reserves should be circa 7% of total income, this has remained unchanged for period ending August 2017. The governors intend to review the reserves policy in December 2017.

Current reserves, excluding restricted fixed asset funds and the pension liability, are £84,678 This is more than the governors believe should be held in reserves, however as the Academy currently does not meet the criteria for accessing funds from the Conditions Improvement Fund (CIF) it needs to maintain reserves in order to fund necessary capital projects. Additional reserves may also be required to achieve balanced budgets in future years given the forecast deficits which arise from reduced funding due to lower pupil numbers.

Where the Academy holds unrestricted reserves, it is the governors' policy to apply these resources to meet the spending priorities determined by the Governing Body. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £50,150.

Investment Policy

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk of loss of these cash funds.

Financial position

The Academy held fund balances at 31 August 2017 of £713,896, comprising £663,746 of restricted funds (including a pension reserve deficit of £164,000) and £50,150 of unrestricted general funds.

PLANS FOR FUTURE PERIODS

The governors' plans for the future include:

- Improving the benefits pupils derive from the use of the Academy's outdoor environment by continuing to develop the outside facilities, including the creation of a tiered allotment.
- Maintaining sufficient reserves to cover forecasted deficits in future years.
- Protect the fabric of the building by investigating the need for further damp repudiation and facilitating any required remedial works.

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REPORT OF THE GOVERNORS (INCORPORATING THE DIRECTORS' REPORT) *(continued)*

YEAR ENDED 31 AUGUST 2017

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The governors' annual report and the strategic report were approved on 12 December 2017 and signed on behalf of the board of governors by:

Registered office:
Kell Lane
Shibden
Halifax
West Yorkshire
HX3 7AY

Signed on behalf of the Governors



K GINESI
Chair

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Salterlee 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 governing body has delegated the day-to-day responsibility to the Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and operate in accordance with the requirements and responsibilities assigned to it in the funding agreement between Salterlee Academy Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has met formally four times during the year.

Attendance during the year at meetings of the governing body was as follows:

| | Meetings attended | Out of possible |
|-----------------|-------------------|-----------------|
| John Kaye | 4 | 4 |
| Kirsten Ginesi | 3 | 3 |
| Nicola Hanson | 2 | 4 |
| Steven Crossley | 4 | 4 |
| Diane Cooper | 3 | 4 |
| Rekha Womersely | 2 | 3 |
| Mathew Combes | 1 | 3 |
| Deborah Collett | 3 | 4 |
| Chris Widdop | 2 | 2 |
| Lucy Evans | 2 | 2 |
| Mark Scott | 4 | 4 |

Appointment of governors

The members may appoint governors as per the Memorandum and Articles of Association. The members may appoint staff governors provided that the total number of staff governors (including the Headteacher) does not exceed one third of the total number of governors. The Local Authority at the request of the Members may appoint the Local Authority governor. Parent governors shall be elected by parents of registered pupils at the Academy by secret ballot and a parent governor must be a parent of a pupil at the Academy at the time when he/she is elected. The governors may appoint up to three co-opted governors. Additional governors may, if deemed necessary, be appointed by the Secretary of State.

The Finance and Resource committee is a sub-committee of the main governing body. Its purpose is to oversee the financial management and controls of the academy, ensure compliance with EFA regulations and report on financial issues to the main governing body. The particular issues dealt with in the year were ensuring the Academies Capital Maintenance Fund (ACMF) grant was spent appropriately, overseeing the expenditure on updating the school facilities due to curriculum requirements and deciding on the viability of the schools out of school provision. In addition, the committee agreed on the schools five year budget.

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GOVERNANCE STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2017

Attendance during the year at meetings of the Finance and Resource committee was as follows:

| | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| Diane Cooper | 3 | 3 |
| Mark Scott | 3 | 3 |
| Steven Crossley | 3 | 3 |
| Chris Widdop | 2 | 2 |

There has been three Educational Sub Committee meetings during the year.

Review of effectiveness of the board of governors

The effectiveness of the board of governors has been reviewed by the accounting officer of Salterlee Primary Academy Trust. It is considered that the board have been effective in ensuring that the school continues to provide a high quality of education for the children of the Shibden Valley and surrounding area. Through the diligent management of resources and well placed challenge of school leaders, this has been achieved in spite of increased budgetary pressures.

Review of Value for Money

As accounting officer of Salterlee Primary Academy Trust the head teacher is responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. They are aware of the guide to academy value for money statements published by the Education and Skills Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Collaboration

The trust has worked in close partnership with other schools to reduce to overall cost of professional development. In particular the school is currently working with others within the East Calderdale Schools Cluster to ensure that staff have a good understanding of how to teach to mastery. The school has also invested more resources in network collaboration across many areas of school life. These include SENCO Forum; Bursars Network; Caretakers Network; English and Maths Leader Networks and Early Years Network. The impact of this is that the school is now better placed to share school to school support.

Overall Standards

Results from statutory assessments show that overall attainment of pupils in both Key Stages 1 and 2 is above the national average and the school was above floor standards in all areas. Funds were made available to improve assessment practices in the early years and this impacted positively on outcomes with the proportion of pupils achieving a good level of development rising to above average.

Partnerships

The school has undertaken significant improvements to outdoor provision through securing the donations of financial, material and labour resources from local businesses most notably Lloyds Bank and Marshall's Quarries.

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GOVERNANCE STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2017

Financial governance and oversight

The trust's Finance and Resource Committee have provided good oversight of school leadership. In particular they have provided the required challenge to discourage unnecessary surpluses from developing by encouraging budget commitments are made to meet the needs of the school development plan.

Over the course of the next cycle resources have been made available to improve the provision of guided reading.

Better purchasing

The trust has maintained to good practices in obtaining and reviewing quotes during procurement.

Maximising income generation

Lettings of space within the school were reviewed during the period no rent increases charged to a pre-school group.

Reviewing controls and managing risks

The trust has a robust finance department which ensures financial policies are in place and adhered to, with tight financial controls which are monitored both internally the bursar and externally via our Internal Audit Reviewer at Calderdale Council and our external auditors Spenser Wilson.

We set clear annual budgets which are monitored against actual spend on monthly budget reports.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to

- identify and prioritise the risks to the achievement of academy trust policies, aims and objectives.
- To evaluate the likelihood of those risks being realised and the impact should they be realised.
- To manage them efficiently, effectively and economically.

The system of internal control has been in place in Salterlee Academy Trust Limited for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. The Academy takes all necessary precautions when employing staff, ensuring that DBS (formerly CRB) checks are carried out and references obtained for new members of staff. A single central record of staff is kept and supply agencies have given assurances that they too carry out necessary checks.

Capacity to handle risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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GOVERNANCE STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2017

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 governing body;
- regular reviews by the Finance and Resource Committee of reports which indicate financial performance against the forecasts 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The work this year has been carried out by Gillian Woodhead, a member of the Calderdale Local Authority audit department. The Internal Audit Reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the Internal Audit Reviewer reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

During the year there were three internal audit reviews covering the areas of viability and financial procedures surrounding school meals, the fixed asset register, purchasing procedures and the credit card and also the statutory information is available on the school website, the central record and the risk register. The findings were discussed at the Finance Committee meetings. No areas of concern were noted.

Review of effectiveness of accounting systems

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

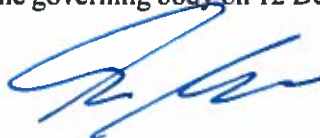
- the work of the Internal Audit Reviewer;
- the work of the external auditor; and
- the work of the senior management team within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 12 December 2017 and signed on its behalf by:



K GINESI
Chair



M SCOTT
Accounting Officer

SALTERLEE ACADEMY TRUST LIMITED

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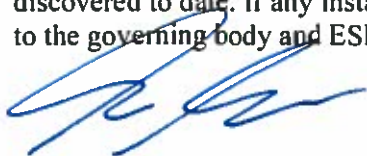
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2017

As Accounting Officer of Salterlee Academy Trust Limited I have considered my responsibility to notify the governing body 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. As part of that consideration, I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust governing body 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.

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 governing body and ESFA.



M SCOTT
Accounting Officer
12 December 2017

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF TRUSTEES' RESONSIBILITIES

YEAR ENDED 31 AUGUST 2017

The trustees (who act as governors of Salterlee Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf by:



K GINESI
Chair

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF SALTERLEE ACADEMY TRUST LIMITED

YEAR ENDED 31 AUGUST 2017

OPINION

We have audited the financial statements of Salterlee Academy Trust Limited (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, 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 and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)" and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the requirements of the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017.

BASIS FOR OPINION

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

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF SALTERLEE ACADEMY TRUST LIMITED *(continued)*

YEAR ENDED 31 AUGUST 2017

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS 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, which includes the directors' report and strategic report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF SALTERLEE ACADEMY TRUST LIMITED *(continued)*

YEAR ENDED 31 AUGUST 2017

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF
SALTERLEE ACADEMY TRUST LIMITED *(continued)***

YEAR ENDED 31 AUGUST 2017

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>.



RICHARD HEMBLYS (Senior Statutory Auditor)

For and on behalf of
Spenser Wilson Ltd
Chartered Accountants and Statutory Auditor
Equitable House
55 Pellon Lane
Halifax
West Yorkshire
HX1 5SP

12 December 2017

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF SALTERLEE ACADEMY TRUST LIMITED AND THE EDUCATION FUNDING AGENCY

YEAR ENDED 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 27 November 2017 and further to the requirements of the Education Funding Agency (EFA) 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 Salterlee Academy Trust Limited during the year ended 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 Salterlee Academy Trust Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Salterlee Academy Trust Limited and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Salterlee Academy Trust Limited and the EFA for our work, for this report, or for the conclusions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE ACCOUNTING OFFICER AND REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Salterlee Academy Trust Limited's funding agreement with the Secretary of State for Education dated 1 September 2011 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 ended 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF SALTERLEE ACADEMY TRUST LIMITED AND THE EDUCATION FUNDING AGENCY *(continued)*

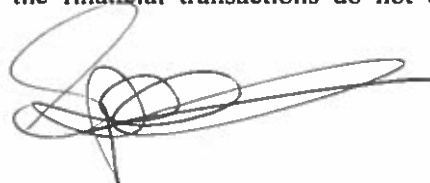
YEAR ENDED 31 AUGUST 2017

The work undertaken to draw to our conclusions includes:

- Reviewing source documentation relating to grant income and related expenditure incurred;
- A review of systems and procedures;
- Substantive testing as considered appropriate;
- Making enquiries regarding the existence of non-contractual payments

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 ended 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



SPENSER WILSON LTD
Chartered Accountants

Equitable House
55 Pellon Lane
Halifax
West Yorkshire
HX1 5SP

12 December 2017

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

31 AUGUST 2017

| | Note | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds 2017 £ | Total funds 2016 £ |
|---|-------|-------------------------|-----------------------|-----------------------------------|--------------------------|--------------------------|
| Income | | | | | | |
| Donations and capital grants | 5 | – | 16,500 | 5,193 | 21,693 | 1,000 |
| Charitable activities: | | | | | | |
| Funding for the Academy's educational operations | 6 | 34,420 | 482,333 | – | 516,753 | 544,057 |
| Other trading activities | 7 | 14,411 | – | – | 14,411 | 15,935 |
| Investment income | 8 | 317 | – | – | 317 | 379 |
| Total income | | <u>49,148</u> | <u>498,833</u> | <u>5,193</u> | <u>553,174</u> | <u>561,371</u> |
| Expenditure | | | | | | |
| Expenditure on raising funds: | | | | | | |
| Costs of generating voluntary income | 9 | 14,740 | 18,062 | – | 32,802 | 32,346 |
| Expenditure on charitable activities | 10,11 | 30,353 | 512,766 | 32,041 | 575,160 | 562,047 |
| Total expenditure | | <u>45,093</u> | <u>530,828</u> | <u>32,041</u> | <u>607,962</u> | <u>594,393</u> |
| Net expenditure | | <u>4,055</u> | <u>(31,995)</u> | <u>(26,848)</u> | <u>(54,788)</u> | <u>(33,022)</u> |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | | – | 91,000 | – | 91,000 | (135,000) |
| Net movement in funds | | 4,055 | 59,005 | (26,848) | 36,212 | (168,022) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 46,095 | (188,477) | 820,066 | 677,684 | 845,706 |
| Total funds carried forward | | <u>50,150</u> | <u>(129,472)</u> | <u>793,218</u> | <u>713,896</u> | <u>677,684</u> |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 25 to 42 form part of these financial statements.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE
(COMPANY REGISTRATION NUMBER: 07712946)

STATEMENT OF FINANCIAL POSITION

31 AUGUST 2017

| | | 2017 | | 2016 | |
|---|----|----------------|----------------|----------------|----------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 17 | | 788,025 | | 820,066 |
| CURRENT ASSETS | | | | | |
| Debtors | 18 | 19,892 | | 17,478 | |
| Investments | 19 | 51,079 | | 50,762 | |
| Cash at bank and in hand | | 52,682 | | 35,673 | |
| | | <u>123,653</u> | | <u>103,913</u> | |
| CREDITORS: amounts falling due within one year | 20 | <u>33,782</u> | | <u>22,295</u> | |
| NET CURRENT ASSETS | | | <u>89,871</u> | | <u>81,618</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>877,896</u> | | <u>901,684</u> |
| PENSIONS | 22 | | <u>164,000</u> | | <u>224,000</u> |
| NET ASSETS | | | <u>713,896</u> | | <u>677,684</u> |
| FUNDS OF THE CHARITY | | | | | |
| Restricted fixed asset funds | | | 793,218 | | 820,066 |
| Restricted funds | | | (129,472) | | (188,477) |
| Unrestricted funds | | | 50,150 | | 46,095 |
| Total charity funds | 23 | | <u>713,896</u> | | <u>677,684</u> |

These financial statements were approved by the board of trustees and authorised for issue on 12 December 2017, and are signed on behalf of the board by:



M SCOTT
Accounting Officer

The notes on pages 25 to 42 form part of these financial statements.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF CASH FLOWS

YEAR ENDED 31 AUGUST 2017

| | 2017 £ | 2016 £ |
|---|----------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net expenditure | (54,786) | (33,022) |
| <i>Adjustments for:</i> | | |
| Depreciation of tangible fixed assets | 32,041 | 32,041 |
| Other interest receivable and similar income | (317) | (379) |
| Pension service and finance costs | 31,000 | 9,000 |
| Accrued expenses/(income) | 103 | (4,481) |
| <i>Changes in:</i> | | |
| Trade and other debtors | (2,416) | 18,689 |
| Trade and other creditors | 11,384 | (1,527) |
| Cash generated from operations | 17,009 | 20,321 |
| Interest received | 317 | 379 |
| Net cash from operating activities | <u>17,326</u> | <u>20,700</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 17,326 | 20,700 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>86,435</u> | <u>65,375</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>103,761</u> | <u>86,435</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | |
| Cash at bank and in hand | 52,682 | 35,673 |
| Current asset investments | 51,079 | 50,762 |
| TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>103,761</u> | <u>86,435</u> |

The notes on pages 25 to 42 form part of these financial statements.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

1. GENERAL INFORMATION

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Kell Lane, Shibden, Halifax, HX3 7AY.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Salterlee Academy Trust Limited meets the definition of a public benefit entity under FRS 102.

3. ACCOUNTING POLICIES

Going concern

The governors assess whether the use of the going-concern basis is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval 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.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES *(continued)*

forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

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

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

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

Incoming resources

All incoming receipts are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant fund 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 until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable and not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are included in the statement of financial activities on a cash-received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES *(continued)*

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings, they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the apportionment of time of use of the building and its resources.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic lives. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities, so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------------------|---|-------------------------------|
| Freehold property | - | 50 years |
| Motor vehicles | - | 4 years |
| Computer equipment and software | - | 3 years and 15% straight line |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES *(continued)*

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.

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows: Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Liabilities

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

Pensions benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES *(continued)*

and gains and losses on settlements and curtailments. They are included as part of staff costs. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

4. LIMITED BY GUARANTEE

Each member of the charitable company undertakes to contribute to the assets of the 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.

5. DONATIONS AND CAPITAL GRANTS

| | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2017 £ |
|------------------|--------------------------|---|--------------------------|
| DONATIONS | | | |
| Other donations | 5,000 | – | 5,000 |
| GRANTS | | | |
| Capital grants | 11,500 | 5,193 | 16,193 |
| | <u>16,500</u> | <u>5,193</u> | <u>21,693</u> |

| | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2016 £ |
|------------------|--------------------------|---|--------------------------|
| DONATIONS | | | |
| Other donations | – | 1,000 | 1,000 |
| GRANTS | | | |
| Capital grants | – | – | – |
| | <u>–</u> | <u>1,000</u> | <u>1,000</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2017 £ |
|--------------------------------------|----------------------------|--------------------------|---|--------------------------|
| Training and mentoring | 90 | – | – | 90 |
| Contributions to trips | 14,646 | – | – | 14,646 |
| Devolved Formula Capital allocations | – | – | – | – |
| General Annual Grant | – | 448,385 | – | 448,385 |
| Other DfE/EFA grants | – | 33,948 | – | 33,948 |
| Out of school club | 19,684 | – | – | 19,684 |
| Insurance claim | – | – | – | – |
| Other grants | – | – | – | – |
| | <u>34,420</u> | <u>482,333</u> | <u>–</u> | <u>516,753</u> |

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2016 £ |
|--------------------------------------|----------------------------|--------------------------|---|--------------------------|
| Training and mentoring | 3,171 | – | – | 3,171 |
| Contributions to trips | 12,533 | – | – | 12,533 |
| Devolved Formula Capital allocations | – | – | 5,193 | 5,193 |
| General Annual Grant | – | 449,771 | – | 449,771 |
| Other DfE/EFA grants | – | 32,196 | – | 32,196 |
| Out of school club | 15,858 | – | – | 15,858 |
| Insurance claim | – | 12,030 | – | 12,030 |
| Other grants | – | 13,305 | – | 13,305 |
| | <u>31,562</u> | <u>507,302</u> | <u>5,193</u> | <u>544,057</u> |

7. OTHER TRADING ACTIVITIES

| | Unrestricted Funds £ | Total Funds 2017 £ | Unrestricted Funds £ | Total Funds 2016 £ |
|--------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| Hire of facilities | 1,200 | 1,200 | 1,200 | 1,200 |
| Catering income | 9,865 | 9,865 | 11,501 | 11,501 |
| Uniform sales | 3,346 | 3,346 | 3,234 | 3,234 |
| | <u>14,411</u> | <u>14,411</u> | <u>15,935</u> | <u>15,935</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

8. INVESTMENT INCOME

| | Unrestricted Funds | Total Funds 2017 | Unrestricted Funds | Total Funds 2016 |
|--------------------------|-----------------------|---------------------|-----------------------|---------------------|
| | £ | £ | £ | £ |
| Bank interest receivable | 317 | 317 | 379 | 379 |

9. COSTS OF GENERATING VOLUNTARY INCOME

| | Unrestricted Funds | Restricted Funds | Total Funds 2017 |
|------------------------------------|-----------------------|---------------------|---------------------|
| | £ | £ | £ |
| Catering staff costs | 4,800 | 7,605 | 12,405 |
| Catering purchases and other costs | 6,602 | 10,457 | 17,059 |
| Uniform purchases | 3,338 | – | 3,338 |
| | <u>14,740</u> | <u>18,062</u> | <u>32,802</u> |

| | Unrestricted Funds | Restricted Funds | Total Funds 2016 |
|------------------------------------|-----------------------|---------------------|---------------------|
| | £ | £ | £ |
| Catering staff costs | 4,213 | 9,167 | 13,380 |
| Catering purchases and other costs | 5,077 | 11,050 | 16,127 |
| Uniform purchases | 2,839 | – | 2,839 |
| | <u>12,129</u> | <u>20,217</u> | <u>32,346</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

10. EXPENDITURE ON CHARITABLE ACTIVITIES BY FUND TYPE

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2017 £ |
|--|----------------------------|--------------------------|---|--------------------------|
| Teaching and educational support staff costs | – | 303,768 | – | 303,768 |
| Educational supplies | – | 40,709 | – | 40,709 |
| Visit and trips | 15,893 | – | – | 15,893 |
| Out of school club | 14,460 | – | – | 14,460 |
| Support costs | – | 168,289 | 32,041 | 200,330 |
| | <u>30,353</u> | <u>512,766</u> | <u>32,041</u> | <u>575,160</u> |

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2016 £ |
|--|----------------------------|--------------------------|---|--------------------------|
| Teaching and educational support staff costs | – | 321,055 | – | 321,055 |
| Educational supplies | – | 49,472 | – | 49,472 |
| Visit and trips | 14,427 | – | – | 14,427 |
| Out of school club | 15,096 | – | – | 15,096 |
| Support costs | – | 129,956 | 32,041 | 161,997 |
| | <u>29,523</u> | <u>500,483</u> | <u>32,041</u> | <u>562,047</u> |

11. EXPENDITURE ON CHARITABLE ACTIVITIES BY ACTIVITY TYPE

| | Activities undertaken directly £ | Support costs £ | Total funds 2017 £ | Total fund 2016 £ |
|--|---|--------------------|--------------------------|-------------------------|
| Teaching and educational support staff costs | 303,768 | 163,146 | 466,914 | 465,982 |
| Educational supplies | 40,709 | – | 40,709 | 49,472 |
| Visit and trips | 15,893 | – | 15,893 | 14,427 |
| Out of school club | 14,460 | – | 14,460 | 15,096 |
| Governance costs | – | 37,184 | 37,184 | 17,070 |
| | <u>374,830</u> | <u>200,330</u> | <u>575,160</u> | <u>562,047</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

12. ANALYSIS OF SUPPORT COSTS

| | Educational Operations £ | Total 2017 £ | Total 2016 £ |
|---|--------------------------------|-----------------|-----------------|
| Premises | 25,793 | 25,793 | 13,000 |
| Telephone, printing, postage and stationery | 9,783 | 9,783 | 8,056 |
| Depreciation | 32,041 | 32,041 | 32,041 |
| Finance costs | 28 | 28 | 23 |
| Governance costs | 10,530 | 10,530 | 9,566 |
| Support staff costs | 69,132 | 69,132 | 67,321 |
| Cleaning | 1,657 | 1,657 | 1,421 |
| Rent and rates | 4,164 | 4,164 | 3,074 |
| Insurance | 2,185 | 2,185 | 2,943 |
| Heat and light | 7,833 | 7,833 | 7,482 |
| Bursar fees | — | — | 2,520 |
| Audit | 3,550 | 3,550 | 3,425 |
| Actuarial fees | 534 | 534 | 625 |
| FRS 17 service and finance costs | 31,000 | 31,000 | 9,000 |
| Accountancy | 2,100 | 2,100 | 1,500 |
| | <u>200,330</u> | <u>200,330</u> | <u>161,997</u> |

13. NET EXPENDITURE

Net expenditure is stated after charging:

| | 2017 £ | 2016 £ |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 32,041 | 32,042 |
| Operating lease rentals | <u>3,722</u> | <u>3,722</u> |

14. AUDITORS REMUNERATION

| | 2017 £ | 2016 £ |
|--|--------------|--------------|
| Fees payable for the audit of the financial statements | <u>3,550</u> | <u>3,425</u> |
| Fees payable to the charity's auditor and its associates for other services: Other non-audit services | <u>2,100</u> | <u>1,500</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

15. STAFF COSTS

The total staff costs and employee benefits for the reporting period are analysed as follows:

| | 2017 | 2016 |
|--|----------------|----------------|
| | £ | £ |
| Wages and salaries | 332,186 | 326,879 |
| Social security costs | 21,504 | 17,837 |
| Operating costs of defined benefit pension schemes | 40,937 | 39,178 |
| Supply staff costs | — | 29,564 |
| | <u>394,627</u> | <u>413,458</u> |

The average head count of employees during the year was 22 (2016: 21). The average number of full-time equivalent employees during the year is analysed as follows:

| | 2017 | 2016 |
|----------------------------|-----------|-----------|
| | No. | No. |
| Teachers | 4 | 4 |
| Administration and support | 10 | 10 |
| Management | 1 | 1 |
| | <u>15</u> | <u>15</u> |

The number of employees whose emoluments for the year fell within the following bands, were:

| | 2017 | 2016 |
|--------------------|----------|----------|
| | No. | No. |
| £60,000 to £69,999 | <u>1</u> | <u>1</u> |

Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £99,831 (2016: £85,123).

16. TRUSTEE REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Head teacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and teacher and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors.

The value of the Headteacher's remuneration was between £55,000 and £60,000 in the period. The value of employer's pension contributions for the Headteacher was between £5,000 and £10,000. The value of the remuneration of the staff governor was between £20,000 and £25,000 in the period. The value of the employer's pension contribution was between £0 and £5,000.

No expenses have been paid to the governors in the year. Related party transactions involving the trustees are set out in note 26.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

16. TRUSTEE REMUNERATION AND EXPENSES *(continued)*

Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. This has been purchased as part of the EFA's Risk Protection Arrangement for academy trusts and the insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2017 was £2,120 (2016 - £2,652). The cost of this insurance is included in the total insurance cost.

17. TANGIBLE FIXED ASSETS

| | Freehold property £ | Motor vehicles £ | Equipment £ | Total £ |
|---|---------------------------|------------------------|----------------|----------------|
| Cost | | | | |
| At 1 September 2016 and 31 August 2017 | <u>842,827</u> | <u>28,404</u> | <u>46,700</u> | <u>917,931</u> |
| Depreciation | | | | |
| At 1 September 2016 | 67,965 | 9,468 | 20,432 | 97,865 |
| Charge for the year | <u>14,871</u> | <u>7,101</u> | <u>10,069</u> | <u>32,041</u> |
| At 31 August 2017 | <u>82,836</u> | <u>16,569</u> | <u>30,501</u> | <u>129,906</u> |
| Carrying amount | | | | |
| At 31 August 2017 | <u>759,991</u> | <u>11,835</u> | <u>16,199</u> | <u>788,025</u> |
| At 31 August 2016 | <u>774,862</u> | <u>18,936</u> | <u>26,268</u> | <u>820,066</u> |

18. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 54 | 427 |
| Prepayments and accrued income | 18,306 | 14,883 |
| Other debtors | <u>1,532</u> | <u>2,168</u> |
| | <u>19,892</u> | <u>17,478</u> |

19. INVESTMENTS

| | 2017 £ | 2016 £ |
|---------------|---------------|---------------|
| Bank deposits | <u>51,079</u> | <u>50,762</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

20. CREDITORS: amounts falling due within one year

| | 2017 | 2016 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 12,993 | 1,609 |
| Accruals and deferred income | 20,789 | 20,686 |
| | <u>33,782</u> | <u>22,295</u> |

21. DEFERRED INCOME

| | 2017 | 2016 |
|---------------------------|---------------|---------------|
| | £ | £ |
| At 1 September 2016 | 13,481 | 17,439 |
| Amount released to income | (13,481) | (17,439) |
| Amount deferred in year | 13,683 | 13,481 |
| At 31 August 2017 | <u>13,683</u> | <u>13,481</u> |

At the balance sheet date the Academy Trust held funds received in advance for Universal Infant Free School Meals £10,654, and Devolved Formula Capital £3,029 which all relate to monies in advance for the 2017/2018 financial year.

22. PENSIONS

| | Pensions and similar obligations £ |
|--------------------------|---|
| At 1 September 2016 | 224,000 |
| Charge against provision | (60,000) |
| At 31 August 2017 | <u>164,000</u> |

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme, England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Yorkshire Pension Fund. Both are multi-employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016. There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme governed by the Teachers' Pension 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 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'

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

22. PENSIONS *(continued)*

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 contributions 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 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 pension costs paid to TPS in the period amounted to £29,108 (2016: £28,886).

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.

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

Local Government Pension Scheme

The LGPS is a funded, defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £18,000 (2016 - £18,000), of which employer's contributions totalled £12,000 (2016 - £13,000) and employees' contributions totalled £6,000 (2016 - £5,000). The agreed contribution rates for future years are 12.8% for employers, and tiered FTE based percentage for employees.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

22. PENSIONS *(continued)*

As the scheme is in deficit, additional contributions were made of £500 in 2011/12, £500 in 2012/13, £600 in 2013/14, £2,500 in 2014/15, £2,400 in 2015/16 and £2,400 in 2016/17. Further additional contributions of £600 are required for each of the next three financial years ending 2019/20.

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 will be met by the Department for Education. The guarantee came into force on 18 July 2013.

| | At 31 August 2017 £ | At 31 August 2016 £ |
|---|------------------------------|------------------------------|
| Principal Actuarial Assumptions | | |
| Rate of increase in salaries | 3.15% | 3.4% |
| Rate of increase for pension in payment / inflation | 1.9% | 1.9% |
| Discount rate for scheme liabilities | 2.5% | 2.0% |
| Inflation assumption (CPI) | 1.9% | 1.9% |
| RPI Inflation | 3.0% | 3.0% |

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

| | At 31 August 2017 £ | At 31 August 2016 £ |
|----------------------|------------------------------|------------------------------|
| Retiring today | | |
| Males | 22.1 | 22.7 |
| Females | 25.2 | 25.6 |
| Retiring in 20 years | | |
| Males | 23.0 | 24.9 |
| Females | 27.0 | 28.0 |

Sensitivity Analysis

| | At 31 August 2017 £ | At 31 August 2016 £ |
|--|------------------------------|------------------------------|
| Discount rate +0.1% | 464,000 | 469,000 |
| Discount rate -0.1% | (490,000) | (495,000) |
| Mortality assumption - 1 year increase | (491,000) | (497,000) |
| Mortality assumption - 1 year decrease | 463,000 | 467,000 |
| CPI rate +0.1% | (480,000) | (486,000) |
| CPI rate -0.1% | 474,000 | 478,000 |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

22. PENSIONS *(continued)*

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|------------------------------|--|--|
| Equities | 241,323 | 193,758 |
| Government Bonds | 30,048 | 28,869 |
| Corporate Bonds | 12,207 | 10,836 |
| Cash | 4,695 | 3,612 |
| Other | 10,642 | 8,514 |
| Property | 14,085 | 12,384 |
| Total market value of assets | <u>313,000</u> | <u>257,973</u> |

The actual return on the scheme assets was £41,000 (2016 £39,000).

Amounts recognised in the Statement of Financial Activities:

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Current service cost (net of employee contributions) | 38,000 | 19,000 |
| Net interest cost | 5,000 | 3,000 |
| Total operating charge | <u>43,000</u> | <u>22,000</u> |

Movements in the present value of defined benefit obligations

| | 2017 £ | 2016 £ |
|-------------------------------------|----------------|----------------|
| Opening defined benefit liabilities | 482,000 | 285,000 |
| Current service cost | 38,000 | 19,000 |
| Interest cost | 10,000 | 11,000 |
| Employee contributions | 6,000 | 5,000 |
| Actuarial (gain)/loss | (55,000) | 166,000 |
| Benefits paid | (4,000) | (4,000) |
| Closing defined benefit liabilities | <u>477,000</u> | <u>482,000</u> |

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

22. PENSIONS *(continued)*

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

| | 2017 | 2016 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Opening fair value | 258,000 | 205,000 |
| Interest income | 5,000 | 8,000 |
| Remeasurement gain/loss | 36,000 | 31,000 |
| Employer contributions | 12,000 | 13,000 |
| Employer contributions | 6,000 | 5,000 |
| Benefits paid | (4,000) | (4,000) |
| Closing fair value | <u>313,000</u> | <u>258,000</u> |

23. ANALYSIS OF CHARITABLE FUNDS

Unrestricted funds

| | At 1 Sep 2016 | Income | Expenditure | Gains and losses | At 31 Aug 2017 |
|---------------|------------------|---------------|-----------------|---------------------|-------------------|
| | £ | £ | £ | £ | £ |
| General funds | <u>46,095</u> | <u>49,148</u> | <u>(45,093)</u> | <u>-</u> | <u>50,150</u> |

Unrestricted funds represent all income and expenditure generated by the school's voluntary activities such as catering, after school care and external services provided.

Restricted funds

| | At 1 Sep 2016 | Income | Expenditure | Gains and losses | At 31 Aug 2017 |
|-------------------------------|------------------|----------------|------------------|---------------------|-------------------|
| | £ | £ | £ | £ | £ |
| General Annual Grant (GAG) | 31,011 | 448,385 | (454,380) | - | 25,016 |
| Other DfE/EFA grant | 4,512 | 33,948 | (33,948) | - | 4,512 |
| Other grants | - | 16,500 | (11,500) | - | 5,000 |
| Pension | (224,000) | - | (31,000) | 91,000 | (164,000) |
| | <u>(188,477)</u> | <u>498,833</u> | <u>(530,828)</u> | <u>91,000</u> | <u>(129,472)</u> |

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

1. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

2. Other DfE/EFA grants includes £8,455 which was received for providing Physical Education, £18,062 which was received to aid with the delivery of Universal Infant Free School Meals (UIFSM) and £7,431 which was received to fund additional support for pupils with special educational needs.

3. The pension reserve represents the deficit attributed to the Academy as an employer as detailed in note 22.

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

26. RELATED PARTIES *(continued)*

Restricted fixed asset funds

| | At 1 Sep 2016 £ | Income £ | Expenditure £ | Gains and losses £ | At 31 Aug 2017 £ |
|----------------------------------|-----------------------|--------------|------------------|--------------------------|------------------------|
| Transfer from local authority | 691,827 | – | (13,167) | – | 678,660 |
| DfE/EFA capital grants | 110,647 | 5,193 | (14,476) | – | 101,364 |
| Capital expenditure from GAG | 17,592 | – | (4,398) | – | 13,194 |
| | <u>820,066</u> | <u>5,193</u> | <u>(32,041)</u> | <u>–</u> | <u>793,218</u> |

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds £ | Restricted Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2017 £ |
|----------------------------|----------------------------|--------------------------|---|--------------------------|
| Tangible fixed assets | – | – | 788,025 | 788,025 |
| Current assets | 50,150 | 68,310 | 5,193 | 123,653 |
| Creditors less than 1 year | – | (33,782) | – | (33,782) |
| Defined benefit pension | – | (164,000) | – | (164,000) |
| Net assets | <u>50,150</u> | <u>(129,472)</u> | <u>793,218</u> | <u>713,896</u> |

25. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2017 £ | 2016 £ |
|--|-----------|--------------|
| Later than 1 year and not later than 5 years | <u>–</u> | <u>3,308</u> |

26. RELATED PARTIES

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations and individuals in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted in accordance with the Academy's financial regulations and normal procurement procedures.

The academy trust employs Jennifer Kaye (the spouse of John Kaye, a governor) as school administrator. The value of remuneration paid to Jennifer Kaye during the period was between £15,000 and £20,000. The value of employer's pension contributions for the period was nil. The academy also employs Emma Marshall (daughter of John and Jennifer Kaye) as Assistant Headteacher. The value of remuneration paid to Emma Marshall during the period was between £30,000 and £35,000. The value of employer's pension contributions for the period was between £5,000 and £10,000. These employments are on a fair and competitive basis and are considered to

SALTERLEE ACADEMY TRUST LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 AUGUST 2017

26. RELATED PARTIES *(continued)*

be consistent with the level of responsibility and expertise required in these roles.

The trust employed Mrs Jennifer Kaye and Mrs Emma Marshall through a thorough recruitment process in accordance with its recruitment policy which John Kaye neither participated in nor influenced. In entering into the transaction, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

Mark Scott and Kirstie Ginesi are also trustees of Salterlee Under 5s, a Charity registered in England & Wales (charity no 1033440), during the year. Salterlee Under 5s uses school premises and pays a rent to the Academy of £400 per school term.

Purchases of £714 were made from Frog Education Limited, a company in which the partner of Lucy Evans has a controlling interest.

All related party transactions have been conducted on an arms' length basis.