

Financial Statements Salford Academy Trust (A company limited by guarantee)

For the year ended 31 August 2019



Company No: 08115121 (England and Wales)

Charitable Company limited by guarantee exempt from registration

Charitable company information

Company registration number: 08115121

Registered office: Frontier House
 Merchants Quay
 Salford
 M50 3SR

Trust Directors
 (charity trustees and directors of the company)

Director/ Trustee		Committee	Representing
M Sheehan (Chair)		Membership	Salford City College
T Kitchingman	Resigned 23 August 2019	Board, Audit	Salford City College
A Cookson (Interim Chief Executive and Accounting Officer)	Resigned 31 January 2019		Salford Academy Trust
K Cash		Board, Audit	Salford City College
R Osborne-Thompson		Board	Salford City College
C A Starbuck		Board	Salford City Council
P Ward		Board	The University of Salford

Charitable company information

Members

Salford City College Principal, Salford Trust Representative
LA Director of Children's Services and Adult Social Care
Salford University Deputy Vice Chancellor

Michael Sheehan
Charlotte Ramsden
Professor Richard Stephenson

Senior management team

Accounting Officer

Alison Cookson (until 31 January 2019)
Tracy Kitchingham (1 February 2019 to 23 August 2019)
Ruth Osborne-Thompson (from 24 August 2019)

CFO

Irlam and Cadishead College Interim Principal
Albion Academy Principal
Marlborough Road Academy Principal
Dukesgate Academy Principal

Gilda Kaseke (until 31 October 2018)
Toni Holdsworth (until 31 January 2019)
Karl Mackey (until 31 January 2019)
Judith Richens (until 31 January 2019)
Jane Garner (until 31 January 2019)

Company Secretary:

Gilda Kaseke (until 31 October 2018)
David Tyrrell (from 1 November 2018 to 1 February 2019)
Jane Dunkerley (from to 1 February 2019 to 29 May 2019)
Terry Archer (appointed 30 May 2019)

Bankers:

Lloyds plc
53 King Street
Manchester
M3 3EB

Solicitors:

Browne Jacobson
Ground Floor
3 Piccadilly Place
Manchester
M1 3BN

Independent Auditor:

Mazars LLP, Manchester
Chartered Accountants and Statutory Auditor
One St Peter's Square
M2 3DE

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Statement of Trustees' Responsibilities

The trustees, who are also directors for the purposes of company law, present their report and the audited financial statements of Salford Academy Trust ('the Company', 'Charitable Company', 'Academy Trust' or 'the Trust') for the period 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a trustees' report, and a directors' report under company law. The Trust operates two primary academies and two secondary academies serving a catchment area in Salford. It has a pupil capacity of 2,533 pupils and had a roll of 1,893 pupils in the last school census.

With effect from 31 January 2019 all the academies within the Salford Academy Trust were rebrokered to United Learning Trust and consequently, at that date, the Company ceased its operations.

Structure, Governance and Management **Constitution**

Salford Academy Trust is a company limited by guarantee (No. 08115121) and an exempt charity in accordance with the Academies Act 2010. The charitable company was incorporated on 21 June 2012.

The trustees who served the trust during the period 1 September 2018 – 31 August 2019, and at the date of this report are shown in the table on page one.

The trustees listed above act as the trustees for the charitable activities of Salford Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Salford Academy Trust.

The schools have local boards of governors which comprise of appointed authority governors, parent governors, staff governors and other appointed governors.

Members' liability

Every member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member and to pay such amounts as may be required not exceeding £10 for the debt and liabilities contracted before he/she ceased to be a member. The Secretary of State for Education can direct the trustees of the Trust in certain circumstances where the quality of education is deemed unsatisfactory.

Trustees' indemnities

The Trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

Method of recruitment and appointment of directors

The Board of Directors may comprise of up to eight Sponsor Directors, appointed by the Sponsors (Salford City College, Salford City Council and the University of Salford), the Chief Executive Officer and two Parent Directors selected by the Parent members of the Local Governing Bodies if it was decided not to have parents as members of Local Governing Bodies.

In addition, the Secretary of State has, in exceptional circumstances, the power to appoint directors.

The term of office for any director is four years. Subject to eligibility, any retiring director may offer themselves for re-election or reappointment.

Policies and procedures adopted for the induction and training of directors

No formal policy has been adopted. Training requirements are discussed at directors' board meetings.

Trustees' Report (continued)

Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreements with the Department of Education. In addition to the trustees (see above), Local Governing Bodies have been appointed for each school within the Trust. These bodies offer local support and challenge to the Principal. The Board of Directors has appointed an Audit Committee.

The Audit Committee reports to the full Board of Directors on risk management and financial control related issues.

During the year under review the Directors held six meetings. The membership of the Board of Directors as at 31 August 2019 is set out in the Charitable Company Information section of this report.

The day to day running of the Trust is delegated by the trustees to management under the leadership of the Chief Executive, who is also the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

There is a Performance Management Policy for the Trust - Key Management Personnel pay and remuneration is set against this. This involves for Central Staff, the setting of appropriate stretch targets relating to key areas of performance and then progress is monitored against this in Line Management meetings with a review annually attended by the CEO. For Principals of Academies the process is similar but targets are agreed and reviewed by the CEO and Chair of the Local Governing Body the end of the year following the target setting and performance review of direct reports (therefore all targets feed in to each other and make sense). The CEO is Line Managed by the Chair of the SAT Board. When new appointments are made for Key Management Personnel, remuneration is benchmarked against similar roles with similar contexts in a national setting.

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Trustees' Report (continued)

Percentage of time	Number of employees
100%	

Percentage of pay bill spent on facility time

The total cost of facility time	£0
The total pay bill	
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	£0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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Connected organisations and related parties

The charitable company is sponsored by Salford City College ("The College") which has 75% control, along with Salford City Council and The University of Salford, with 12.5% each.

The Trust benefits from representation of the sponsors as trustees on the Trust Board and on the Academy Local Governing Boards. The Sponsors support the activities of the Trust in many ways, educationally and informally. Individual Academies and the Trust have some SLAs with Salford City Council, provided at cost. From 1 July 2017, the Trust has a PFI contract with Salford City Council.

Neither the Trust nor Academies have related party transactions with The University of Salford. The same is true for Salford City College, except for a rental agreement at cost with the College for office premises.

With effect from 1 September 2018, in preparation for the re-brokerage of Salford Academy Trust's academies, school improvement and restructuring plans were provided by United Learning Trust for which a management charge was levied.

Trustees' Report (continued)

Objectives and Activities

Objects and aims

The Trust's object is for the public benefit, through the means of education, to ensure that the children we serve are safe, happy and successful.

Our vision is:

By always putting children first we will become a trust, shaped by our schools, linking with our partners to promote excellence and life-long learning within the communities that we serve.

It is our mission to do all that is necessary to ensure that every child within our care is safe, happy and successful.

a) Through high quality learning opportunities and access to a broad and balanced curriculum in line with statutory guidance.

b) Through educational provision in an environment which is driven and underpinned by the values of the trust. Providing the pastoral support and enrichment opportunities to help the children and young people that we serve to be safe, happy and successful.

The Charitable Company aims to provide a local collaboration for schools wishing to become Academies and drive improvements in education standards in the Salford area, with the help of the local community to forge long term relations with local business and further education establishments.

Our leadership will be characterised by the following behaviours:

Highly Visible: Be highly visible, promoting positivity and reinforcing high expectations and values.

Leading: the learning: Learning is our lifeblood and the first priority throughout the Trust. This includes creating a supportive environment which places learning for all at the heart.

Feedback: Feedback is central to the culture of the Trust to ensure reflection and support the development of excellent practice.

Celebrate: Actively promote opportunities to recognise excellence and celebrate success.

Relationships: We value relationships and will foster strong relationships with students, colleagues and parents alike.

Consistency: We strive for a consistency of standards and expectations and our integrity demands that we hold ourselves, our colleagues and our students to the same high standards.

Objectives, strategies and activities

The Trust's main objectives for the year ended 31 August 2019 were to:

1. Raise standards and improve educational outcomes across all Academies within the Trust.
2. Create within the Trust organisational capacity that challenges and supports existing Trust academies, gives additionality to Trust academies and builds a scalable organisation.
3. To work with partners to deliver the best outcomes for children.

Trustees' Report (continued)

The strategies to achieve this were:

- Embed the vision and mission across all SAT schools.
- Develop a clear and precise delegated framework of governance.
- Develop clear, Trust wide strategies for school improvement. This includes monitoring and evaluation, providing school to school support and utilising best practice to meet the individual needs of each academy and the wider priorities of the Trust.
- Develop the infrastructure to deliver improved provision and enhanced financial viability.
- Ensure all school systems are underpinned by an in built culture of high expectations.
- Challenge and innovate with an emphasis on driving improvements.
- Prioritise quality first teaching at all levels.
- Develop specific strategies to prioritise in eliminating the achievement gap for disadvantaged children and young people.

Public benefit

The Academy Trust directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The schools' catchment areas are as designated in the Admissions Policies and have not changed since obtaining academy status. School governors have reviewed the pupil admissions policies' and consider there to be no barriers to entry on the grounds of gender, ethnicity or family circumstances.

Strategic Report

Achievements and Performance

The Trust serves around 1,893 pupils and students across all sites with over 50% of students eligible for Free School Meals and /or Pupil Premium payments. A significantly high percentage of children come from areas of significant social challenge and the wards serving our schools are the most deprived in the City of Salford and feature highly in the IDACI indices of multiple deprivation.

In terms of performance, the Trust recognises that it was identified as 'high risk' by the Department for Education. This has led to a proposed re-brokerage from the Regional Schools Commissioner. This was largely based on the historic educational outcomes of The Albion Academy. In spring 2018, The Albion Academy was subject to a DFE review which identified that although improvements were taking place, this was not being reflected in outcomes which, due to increased academic demands nationally were lower than 2017. In addition, it was recognised that the addition of Irlam and Cadishead College presented a further risk, as a school deemed by OFSTED to be 'inadequate'. Similarly due to increased academic demands results declined from 2017. Marlborough Road was graded as a school with Serious Weaknesses in an Inspection in February 2018.

Dukesgate Academy has historically been graded by OFSTED as being a 'Good' school with 'Outstanding' Leadership and Management.

On the 31 January 2019 the Trust was rebrokered to United Learning Trust.

Trustees' Report (continued)

Going Concern

The Governors transferred all operations, assets and liabilities of the Trust to the United Learning Trust with effect from 1 February 2019. All assets and liabilities were transferred at their book value at the date of transfer. Accordingly, the company is no longer considered a going concern.

Financial Review

Until 31 January 2019, when the Trust was rebrokered to United Learning Trust, financial performance has been analysed across the five distinct divisions of the Trust which are largely responsible for managing delegated budgets. These are: The Albion Academy, Dukesgate Academy, Marlborough Road Academy, Irlam and Cadishead College and Trust Executive.

The main source of income for the Trust is revenue grant funding for individual academies. Funding is based largely on pupil numbers.

For the period to 31 August 2019 total expenditure, excluding Local Government Pension Scheme adjustments and Restricted Fixed Asset funding was £801k higher than total income (2018 £105k)

Prior to the transfer the total reserves, excluding the Pension Scheme deficit, were £38,050k (2018 £39,358k) represented by net book value of Fixed Assets £38,574 (2018 £38,919) and Net Current Liabilities £524 (2018 Net Current Assets £439k)

The assets have been used exclusively for providing education and associated support services to the students of the Trust.

At the 31 August 2019 and prior to the transfer the Pension Scheme deficit was £2,691 (2018 £1,887k) and movements in the pension fund are shown in note 23 to the Financial Statements.

The Trust also held the following fund balances at 31 August 2019, Restricted General Funds £nil (2018 £181k) and Unrestricted General Funds £nil (2018 £258k)

Reserves Policy

The trustees' policy on reserves is to strike a balance between financial prudence and achieving the Trust's charitable objectives. It is acknowledged that available assets should remain at a financially secure level and that current year government funding is to meet the educational needs of current year pupils.

The level of reserves held at 31 August 2019 total £nil (2018 £439k) (excluding the fixed asset and pension liability reserves). In year and during the transfer process the brought forward reserves have been allocated and spent as part of the Trust's plan in agreement with United Learning Trust.

Financial and Risk Management Objectives and Policies

The Trust implemented a new risk management procedure which included a strategic risk register and the governors continue to undertake an assessment of the major risks to which the individual schools are exposed. The Trust uses a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Trust's operations.

Principal Risks and Uncertainties

The principal risks faced by the Trust, led to the re-brokerage of the academies to United Learning Trust, and these included:

Trustees' Report (continued)

- Failure to make progress to achieve satisfactory Ofsted standards at three out of the four academies– the Trust invested heavily in educational resources and professional services to combat this risk, however more investment and time was required to realise the improvements required.
- The PFI contract at Irlam and Cadishead College posed a risk if student numbers continued to fall. Irlam and Cadishead College was overstaffed and with the addition of the PFI commitment, the impact drastically reduced the Trust reserves. To combat this the Trust utilised the curriculum planning tool to inform staffing numbers and the Trust had developed a business case to achieve an effective staffing model, however this has been superseded by the transfer process.

Investment Policy

At the moment all the Trust funds are held in the Trust bank account to maintain the Trust's liquidity as any investments would be for a fixed term period and would impact on the Trust's flexibility.

Plans for Future Periods

The Trust ceased operations with effect from 31 January 2019.

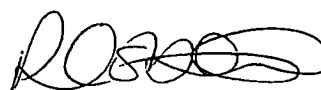
Auditor

Mazars LLP will be the Trust's external auditors for the next accounting period.

Trustees' Report and the Strategic Report therein was approved by order of the members of the board of directors on 06/07/20 and signed on its behalf by:



Michael Sheehan
Chairman



Ruth Osborne-Thompson
Accounting Officer

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the 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 only provide reasonable and not absolute assurance against material misstatement or loss.

The governing body has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the academy trust 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees' body has formally met six times during the year. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
Kimberley Cash	4	6
Michael Sheehan (Chairman)	6	6
Catherine Ann Starbuck	6	6
Paul Ward	6	6
Tracy Kitchingman (Resigned 23 August 2019)	6	6
Ruth Osborne-Thompson	6	6
Salford College	6	6

The Audit Committee is a sub-committee of the main board of directors. Its' purpose is to review the systems of internal control, and the Board has appointed an independent committee chair.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
H Hall	2	2
K Cash	2	2
T Kitchingman (Resigned 23 August 2019)	2	2
D Smith (Vice-Chairman)	2	2

Governance Statement (continued)

Review of Value for Money

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

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

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

The 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 Audit Committee and reported to the full governing body;
- regular reviews by the Audit Committee of reports which indicate financial performance against forecasts, capital expenditure plans and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset and general expenditure purchase) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

Governance Statement (continued)

Review of Effectiveness

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

Governance Statement (continued)

- The work of the executive team within the Trust who have responsibility for the development and maintenance of the internal control framework.
- The external auditor and the financial management employed by the Trust.

The year to 31 August 2019 saw the rebrokering, as at 31 January 2019, of all of the Trust's academies to United Learning Trust. However, the audit did not commence until early October 2019, the consequences of which were:

- Significant numbers of staff both at head office and individual academies had left the organisation and consequently, were not available to provide information as requested by the auditors.
- As in previous years, all day to day financial records were retained by the individual academies which, by the time the audit took place, had been archived and due to the unavailability of former employees, were not easily accessible.

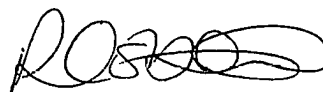
Whilst not disputing the fact that, because of the unusual circumstances the Trust was operating in, some of the information and explanations required by the auditors could not be provided, the procedures and systems of control in operation, up to the time of the rebrokering, were consistent with those of previous years where unqualified audit reports were given. Consequently, the Trustees are of the opinion that there were no material misstatements in the financial reports as presented.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and together with the Audit Committee will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trust on 6th July 2020 and signed on its behalf by:



Michael Sheehan
Chairman



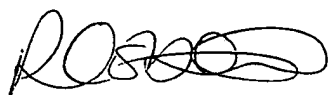
Ruth Osborne-Thompson
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Salford Academy Trust I have considered my responsibility to notify the Academy Trust board of directors and the Education Skills Funding Authority 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 my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust governing body are able to identify any material irregularity 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.

Other than the issues raised in the regularity report from the Reporting Accountant, no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. The issues raised will be actioned by the Trust in a timely fashion.



Ruth Osborne-Thompson
Accounting Officer

06/07/20

Statement of Trustees' Responsibilities

The trustees (who are also 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 Requirements issued by the Education Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its income and expenditure. 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 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 operations the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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.

The trustees confirm that:

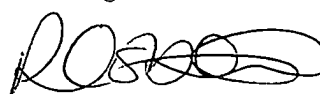
- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Approved by order of the members of the board of trustees on 6th July 2020 and signed on its behalf by:

Michael Sheehan
Chairman



Ruth Osborne-Thompson
Accounting Officer



Independent auditor's report to the members of Salford Academy Trust

Disclaimer of opinion

We were engaged to audit the financial statements of Salford Academy Trust ("the 'Academy Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency 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).

We do not express an opinion on the accompanying financial statements of the Academy Trust. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

With effect from 31 January 2019 all the academies within Salford Academy Trust were rebrokered to the United Learning Trust and the finance team of Salford Academy Trust was reduced with no full time members of staff now remaining within this team. The audit support required for numerous balances within the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements has not been provided. As a result of this, we are unable to express an opinion on the financial statements.

Conclusions relating to going concern

These financial statements have not been prepared on a going concern basis for the reason set out in note 1 to the financial statements and in the going concern section of the Trustees' Annual Report. We have nothing to report in respect of our conclusions relating to going concern as the accounts have been appropriately prepared on a basis other than going concern and the appropriate disclosures have been made. Our opinion is not modified in respect of this matter.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditors' reports thereon. 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

Independent auditor's report to the members of Salford Academy Trust (continued)

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.

Because of the significance of the matter described in the disclaimer of opinion section of our report we are unable to conclude on this.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Notwithstanding our disclaimer of opinion on the financial statements, in light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the incorporated Strategic Report.

Arising from the limitation of our work referred to above:

- we were unable to determine whether adequate accounting records have been kept;
- we were unable to determine whether the financial statements are in agreement with the accounting records;
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15 the Trustees (who are 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust 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

Independent auditor's report to the members of Salford Academy Trust (continued)

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.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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

Neil Barton

Neil Barton (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date 6 July 2020

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Salford Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Salford Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Salford Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Salford Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Salford Academy Trust and the Education & Skills Funding Agency (continued)

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

Because of the matter described in the basis for disclaimer of opinion section of our independent auditor's report we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, there may be matters that would have come to our attention had we received all the information and explanations we required.

In the course of our work the matters listed below, have come to our attention:

- Adequate accounting records have not been kept to enable us to receive all the information and explanations we required to perform this assurance engagement.
- There were multiple declaration of interest forms not completed by trustees.
- There was no evidence to confirm that transactions with a number of related parties were transacted at cost.
- There is evidence which suggests that the governance processes around the control of staff recruitment requires strengthening.

Mazars LLP

Mazars LLP
Chartered Accountants
One St Peters Square
Manchester
M2 3DE

Date: 6 July 2020

Statement of Financial Activities (including income and expenditure account) for the year ended 31 August 2019

	Notes	Unrestricted Funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2019 Total £'000	2018 Total £'000
Income and endowments from:						
Donations and capital grants	2	12	-	-	12	63
Charitable activities:						
Funding for education operations	3	-	5,536	-	5,536	13,665
Other trading activities	4	139	-	-	139	428
Investments	5	-	-	-	-	1
Total income and endowments		151	5,536	-	5,687	14,157
Expenditure on:						
Raising funds	6	112	-	-	112	279
Charitable activities:						
Academy trust education operations	6	-	6,732	397	7,129	15,821
Transfer out on academies leaving the Trust		291	(3,599)	38,570	35,262	-
Total		403	3,133	38,967	42,503	16,100
Net income / (expenditure)		(252)	2,403	(38,967)	(36,816)	(1,943)
Transfers between funds	15	(6)	(42)	48	-	-
		(258)	2,361	(38,919)	(36,816)	(1,943)
Other recognised gains / (losses):						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(655)	-	(655)	746
Net movement in funds		(258)	1,706	(38,919)	(37,471)	(1,197)
Reconciliation of funds						
Total funds brought forward	15	258	(1,706)	38,919	37,471	38,668
Total funds carried forward		-	-	-	-	37,471

The accompanying notes on pages 24 to 47 form part of these financial statements.

Balance Sheet as at 31 August 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets	12	-	-		38,919
Current assets					
Debtors	13	-		862	
Cash at bank and in hand		-		1,011	
		-		1,873	
Liabilities					
Creditors: amounts falling due within one year	14	-		(1,434)	
Net current assets			-		439
Total assets less current liabilities			-		39,358
Creditors: amounts falling due after more than one year			-		-
Net assets excluding pension liability			-		39,358
Defined benefit pension scheme liability	23		-		(1,887)
Total net assets			-		37,471
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	-		38,919	
Restricted income fund	15	-		181	
Pension reserve	15	-		(1,887)	
Total restricted funds			-		37,213
Unrestricted income funds	15		-		258
Total funds			-		37,471

The financial statements were approved by the Trustees and authorised for issue on 06/07/20 and signed on their behalf by:

Michael Sheehan

Michael Sheehan
Chairman

Ruth Osborne-Thompson

Ruth Osborne-Thompson
Accounting Officer

Statement of Cash flows for the year ended 31 August 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	19	(523)	123
Cash flows (used in) investing activities	20	(488)	(143)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the period		<u>(1,011)</u>	<u>(20)</u>
Cash and cash equivalents at 1 September 2018		1,011	1,031
Cash and cash equivalents at 31 August 2019		<u>-</u>	<u>1,011</u>

Notes to the financial statements

1 Principal accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going concern

The financial statements have not been prepared on a going concern basis. The Governors have taken the decision to transfer the activities and operations of the Trust to the United Learning Trust with effect from 1 February 2019. The assets and liabilities of the Trust have been transferred at their net book value and it is not expected that there will be any significant costs associated with the transfer of activities. Consequently, there are no significant accounting adjustments resulting from the company not being a going concern.

Income

All income is recognised when the Academy Trust has entitlement to the funds, probability 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 funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and it is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. General Annual Grant is recognised in the period to which it relates as part of restricted general funds. Capital grants are recognised when receivable and are not deferred over the life of asset on which they are expended. Unspent amounts of capital grants are reflected in the balance of the restricted fixed asset fund.

Notes to the financial statements

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is probability of receipt.

Donations

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

Other income

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

Private finance initiative

Irlam and Cadishead College buildings were built under a private finance initiative ("PFI") agreement between Salford City Council and S&W TLP (Project Co One) dated 8 December 2009.

When the College converted to an academy on 1 July 2017, the agreement was legally amended to take account of the change in circumstances and the length of the agreement Salford City Council undertake to fund the payments under the PFI agreement. The proportion of the cost that relates to the operation and maintenance of the building is charged to Irlam and Cadishead College by Salford City Council half yearly.

The cost included in these financial statements for the period to 31 August 2019 is £705,637 of which £648,295 was received from the ESFA resulting in a net expenditure by the Trust of £57,342. This is included in the Statement of Financial Activities under academy's educational operations.

Each year the payments are subject to an increase which is linked to the retail price index.

Salford City Council has also confirmed that the Private Finance Initiative liability remains with themselves and, therefore, the Trust has decided to treat the payments to Salford City Council in the period to 31 August 2019 as if they were made under an operating lease agreement on the grounds that these payments related entirely to operating and maintenance costs.

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the academy trust is recognised as income at open market value in the period in which they are receivable, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under a relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over its useful economic life in accordance with the academy trust's policy.

Donated fixed assets

Donated goods that are fixed assets are measured at fair value, and where impractical to measure this reliably, the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Notes to the financial statements

Expenditure

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 spread of staff costs.

Expenditure on raising 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 trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

Tangible 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 life. 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 trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over their expected useful lives, as follows:

Long leasehold land and buildings	50 years
Furniture and equipment	10 years
Computers	3 years
Motor vehicles	5 years

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

Liabilities

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

Notes to the financial statements

Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to 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 Chapter 3 Part 11 of the Corporation Taxes 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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high quality corporate bonds 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 as part of staff costs are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period till vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

Restricted fixed assets are resources which are to be applied to specific capital purposes imposed by the Education Skills Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants received from the Education Skills Funding Agency and the Department for Education.

Notes to 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.

As all the Academies within the Trust have been rebrokered during the year, there are no longer deemed to be any critical accounting estimates and areas of judgement.

Notes to the financial statements

2 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	2019 Total £'000	2018 Total £'000
Capital grants	-	-	-	51
Donated fixed assets	-	-	-	-
Other Donations	12	-	12	12
	<u>12</u>	<u>-</u>	<u>12</u>	<u>63</u>

The 2018 balance relates to £63,000 restricted funds.

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	2019 Total £'000	2018 Total £'000
DfE / ESFA grants				
General Annual Grant (GAG)	-	4,806	4,806	11,916
Start Up Grants	-	2	2	3
Other DfE / ESFA grants	-	574	574	1,377
	<u>-</u>	<u>5,382</u>	<u>5,382</u>	<u>13,296</u>
Other government grants				
Local authority grants	-	154	154	369
Other income from the academy trust's educational operations	-	-	-	-
Total funding	<u>-</u>	<u>5,536</u>	<u>5,536</u>	<u>13,665</u>

General annual grant funding allocated to restricted funds in 2019 is £4,806,000 (£11,916,000: 2018) with £648,295 allocated to the PFI arrangement. Start up grants allocated to restricted funds in 2019 total £2,000 (£3,000: 2018). Other DfE/ESFA grants allocated to restricted funds is £574,000 in 2019 (£1,377,000: 2018). Local authority grants relate to entirely restricted funds for both 2019 and 2018. Other income from the academy trust's educational operations allocated to unrestricted funds in 2019 is £Nil (£0: 2018).

Notes to the financial statements

4 Other trading activities

	Unrestricted funds £'000	Restricted Funds £'000	2019 Total £'000	2018 Total £'000
Hire of facilities	8	-	8	36
Other generated income	86	45	131	392
	<u>94</u>	<u>45</u>	<u>139</u>	<u>428</u>

Other generated income comprises of unrestricted funds of £86,000 in 2019 (£202,000: 2018), and restricted funds of £45,000 in 2019 (£190,000: 2018). The hire of facilities balance under unrestricted funds is £8,000 in 2019 (£36,000: 2018).

5 Investment income

	Unrestricted funds £'000	Restricted Funds £'000	2019 Total £'000	2018 Total £'000
Bank interest receivable	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

Bank interest receivable recognised in restricted funds for 2018 was £1,000.

6 Analysis of total expenditure

	Staff Costs £'000	Non Pay Premises costs £'000	Expenditure Other Costs £'000	2019 Total £'000	2018 Total £'000
Expenditure on raising funds	-	-	112	112	279
Academy's educational operations:					
• direct costs	3,513	-	841	4,354	10,787
• allocated support costs	992	960	825	2,775	5,034
	<u>4,503</u>	<u>960</u>	<u>1,778</u>	<u>7,241</u>	<u>16,100</u>

The PFI cost included in premises for the period to 31 August 2019 is £705,637 in 2019 (£1,664,379: 2018).

Notes to the financial statements

Analysis of total expenditure (continued)

Net income / (expenditure) for the year includes:

	2019 £'000	2018 £'000
Operating lease rentals	13	116
Depreciation	397	1,010
Fees payable to auditor for:		
• Audit	19	20
• Other Services	3	3

7 Analysis of expenditure

	2019 Total £'000	2018 Total £'000
Raising Funds	112	279
Direct costs – educational operations	4,354	10,787
Support costs – educational operations	2,775	5,034
	<u>7,141</u>	<u>16,100</u>

	2019 £'000	2018 £'000
Analysis of support costs		
Support staff costs	992	1,968
Depreciation	397	50
Technology costs	68	127
Premises costs	960	1,674
Other support costs	329	1,172
Governance costs	29	43
Total support costs	<u>2,775</u>	<u>5,034</u>

Notes to the financial statements

8 Staff costs

Staff costs during the period were as follows:

	2019 £'000	2018 £'000
Wages and salaries	3,223	8,023
Social security costs	289	742
Pension costs	496	1,819
Apprenticeship Levy	1	32
	<u>4,009</u>	<u>10,616</u>
Supply teacher and temporary staff costs	212	417
Staff restructuring costs	282	-
	<u>4,503</u>	<u>11,033</u>

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £179,772. Individually, the payments were: £15,551; £21,255; £21,946; £19,306; £14,650; £10,231; £12,222; £9,279 and £55,332

Staff Numbers

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

	2019 Number	2018 Number
Teachers	123	128
Administration and support	177	166
Management	<u>6</u>	<u>8</u>
	<u>306</u>	<u>302</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,000 to £70,000	-	3
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	2
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
£120,001 to £130,000	-	1

Key Management Personnel

Notes to the financial statements

The key management personnel of the academy trust comprise of the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £296,146 (2018: £789,228).

Notes to the financial statements

9 Related Party Transactions – Trustees’ remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The staff Governors only receive remuneration in respect of services they provide undertaking the roles as staff members under their contracts of employment, and not in respect of their services as a Governor. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors.

The value of Governors remuneration and other benefits was as follows:

		12 months to 31 August 2019	12 months to 31 August 2018
J Garner – Dukesgate Principal	Remuneration	£25,000 - £30,000	£60,000 - £65,000
	Pension Contribution	£5,000 - £10,000	£10,000 - £15,000
Y Dolan – Staff Governor	Remuneration	£15,000 - £20,000	£35,000 - £40,000
	Pension Contribution	£0 - £5,000	£5,000 - £10,000
J Mawson – Staff Governor	Remuneration	£10,000 - £15,000	£5,000 - £10,000
	Pension Contribution	£0 - £5,000	£0 - £5,000
C Fynan – Staff Governor	Remuneration	£10,000 - £15,000	£25,000 - £30,000
	Pension Contribution	£0 - £5,000	£0 - £5,000
A Cookson – CEO	Remuneration	£115,000 - £120,000	£95,000 - £100,000
	Pension Contribution	£5,000 - £10,000	£15,000 - £20,000
K Mackey – Albion Principal	Remuneration	£40,000 - £45,000	£95,000 - £100,000
	Pension Contribution	£5,000 - £10,000	£15,000 - £20,000
J Richens – Marlborough Road Principal	Remuneration	£25,000 - £30,000	£65,000 - £70,000
	Pension Contribution	£0 - £5,000	£10,000 - £15,000
A Aveyard – Staff Governor	Remuneration	£20,000 - £25,000	£0 - £5,000
	Pension Contribution	£0 - £5,000	£0 - £5,000

During the year, travel and subsistence payments totalling £0 (2018: £0) were reimbursed or paid directly to any governor.

Other related party transactions involving the Governors are set out within the related parties note.

10 Central Services

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

- Human resources
- Financial services
- Legal services
- Educational support services
- ICT support services
- Provision of insurance
- Administrative support

Notes to the financial statements

The Trust charges for these services on a flat percentage of income that is 5%, and the actual amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Albion Academy	35	215
Dukesgate Academy	9	51
Irlam and Cadishead College	25	163
Marlborough Road Academy	15	101
	<u>84</u>	<u>530</u>

11 Trustees' and officers' insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust's business. The insurance provides unlimited cover on any one claim and the cost for the period ended 31 August 2019 was included in the £20 per pupil charge (2018: £20 per pupil charge) provided through the Risk Protection Arrangement. The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Motor Vehicles £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 September 2018	42,233	2,625	19	773	45,650
Additions	-	42	-	9	51
Transfer out on academies leaving the Trust	(42,233)	(2,667)	(19)	(782)	(45,701)
At 31 August 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation					
At 1 September 2018	2,579	414	19	678	3,690
Provided in the year	332	38	-	27	397
Transfer out on academies leaving the Trust	(2,911)	(452)	(19)	(705)	(4,087)
At 31 August 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

12 Tangible Fixed Assets (cont.)

	Leasehold Land & Buildings	Furniture & Equipment	Motor Vehicles	Computer Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Impairment					
As 1 September 2018	1,279	1,762	-	-	3,041
Provided in year	-	-	-	-	-
Transfers out on academies leaving the Trust	(1,279)	(1,762)			(3,041)
As at 31 August 2019	-	-	-	-	-
Net Book Value 31 August 2018	38,375	449	-	95	38,919
Net Book Value 31 August 2019	-	-	-	-	-

13 Debtors

	2019 £'000	2018 £'000
Trade debtors	-	17
VAT recoverable	-	521
Prepayments	-	73
Other Debtors	-	251
	-	862

14 Creditors

Trade creditors	-	1,034
Other creditors	-	-
Taxation and social security	-	199
Accruals and deferred income	-	201
	-	1,434

Notes to the financial statements

Deferred Income	2019 £'000	2018 £'000
Deferred income at 1 September 2018	54	49
Released from previous years	(54)	(49)
Resources deferred in the year	-	54
Deferred income at 31 August 2019	-	54

15 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, Losses & Transfer £'000	Transfer out on academies leaving Trust £'000	Balance at 31 August 2019 £'000
Restricted general funds						
General Annual Grant	181	4,806	(5,884)	(42)	939	-
Start-Up Grant	-	2	(2)	-	-	-
Other grants	-	574	(574)	-	-	-
Other Activities	-	154	(38)	-	(116)	-
Pensions reserve	(1,887)	-	(234)	(655)	2,776	-
	<u>(1,706)</u>	<u>5,536</u>	<u>(6,732)</u>	<u>(697)</u>	<u>3,599</u>	<u>-</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	2,950	-	(397)	-	(2,553)	-
Capital expenditure from GAG	8	-	-	48	(56)	-
Impairment charge	(3,041)	-	-	-	3,041	-
Donated on conversion	39,002	-	-	-	(39,002)	-
	<u>38,919</u>	<u>-</u>	<u>(397)</u>	<u>48</u>	<u>(38,570)</u>	<u>-</u>
Total restricted funds	<u>37,213</u>	<u>5,536</u>	<u>(7,129)</u>	<u>(649)</u>	<u>(34,971)</u>	<u>-</u>
Unrestricted funds	<u>258</u>	<u>151</u>	<u>(112)</u>	<u>(6)</u>	<u>(291)</u>	<u>-</u>
Total funds	<u>37,471</u>	<u>5,687</u>	<u>(7,241)</u>	<u>(655)</u>	<u>(35,262)</u>	<u>-</u>

Notes to the financial statements

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

Transfers from restricted general funds to restricted fixed asset funds totalling £42,000 represents the GAG funding for capital expenditure.

Transfers from unrestricted general funds to restricted general funds totalling £6,000 represents funding for capital expenditure.

Comparative information in respect of the previous 12 month period is as follows

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, Losses & Transfer £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant	19	11,916	(12,051)	297	181
Start-Up Grant	-	3	(3)	-	-
Other grants	277	1,747	(2,024)	-	-
Other Activities	107	202	(309)	-	-
Pensions reserve	(2,209)	-	(424)	746	(1,887)
	(1,806)	13,868	(14,811)	1,043	(1,706)
DfE/ESFA capital grants	2,755	51	-	144	2,950
Capital expenditure from GAG	8	-	-	-	8
Impairment charge	(3,041)	-	-	-	(3,041)
Donated on conversion	40,012	-	(1,010)	-	39,002
	39,734	51	(1,010)	144	38,919
Total restricted funds	37,928	13,919	(15,821)	1,187	37,213
Unrestricted funds	740	238	(279)	(441)	258
Total funds	38,668	14,157	(16,100)	746	37,471

Notes to the financial statements

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2017 £'000	Income	Expenditure	Gains /Losses £'000	Transfers Out £'000	Balance at 31 August 2019 £'000
Restricted general funds		£'000	£'000	£'000	£'000	
General Annual Grant	19	16,722	(17,935)	255	939	-
Start-Up Grant	-	5	(5)	-	-	-
Other grants	277	2,321	(2,598)	-	-	-
Other Activities	107	356	(347)	-	(116)	-
Pensions reserve	(2,209)	-	(658)	91	2,776	-
	(1,806)	19,404	(21,543)	346	(3,599)	-
Restricted fixed asset funds						
DfE/ESFA capital grants	2,755	51	(397)	144	2,553	-
Capital expenditure from GAG	8	-	-	48	56	-
Impairment charge	(3,041)	-	-	-	(3,041)	-
Donated on conversion	40,012	-	(1,010)	-	39,002	-
	39,734	51	(1,407)	192	38,570	-
Total restricted funds	37,928	19,455	(22,950)	538	34,971	-
Unrestricted funds	740	389	(391)	(447)	291	-
Total funds	38,668	19,844	(23,341)	91	35,262	-

Analysis of academies by fund balance

	2019 £'000	2018 £'000
Albion Academy	-	574
Dukesgate Academy	-	63
Marlborough Road Academy	-	305
Irlam & Cadishead College	-	(345)
Central Services	-	(158)
Total before fixed assets and pension reserve	-	439
Restricted fixed asset fund	-	38,919
Pension reserve	-	(1,887)
	-	37,471

Notes to the financial statements

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted fixed asset Funds £'000	Total Funds £'000
Tangible fixed assets	-	-	-	-
Current assets	-	-	-	-
Current liabilities	-	-	-	-
Pension scheme liability	-	-	-	-
Total	-	-	-	-

17 Capital commitments

Capital spend of £0 was contracted as at 31 August 2019 (2018: £0), but not provided in the Financial Statements in respect of planned works.

18 Operating lease commitments

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

	2019 Land & buildings £'000	2019 Other £'000	2018 Land & Buildings £'000	2018 Other £'000
Amounts due within one year	-	-	3	38
Amounts due within two and five years inclusive	-	-	-	69
	-	-	3	107

As of 1 July 2017 the Private Finance Initiative ("PFI") property was transferred from Salford City Council to the school via donation. No liability has risen as a result of this transaction as Salford City Council retained ultimate responsibility for the outstanding capital finance.

Notes to the financial statements

19 Reconciliation of net income to net cash inflow from operating activities

	2019 £'000	2018 £'000
Net expenditure	(36,816)	(1,943)
Depreciation	397	1,010
Capital grants	-	(51)
Interest receivable	-	(1)
Defined benefit pension service costs	212	365
Defined benefit pension net finance cost	22	59
(Increase) in stock	(10)	-
Decrease/(increase) in debtors	319	(132)
Increase in creditors	91	816
Net Loss on academies transferred to another Trust	35,262	-
Net cash (outflow)/inflow from operating activities	(523)	123

20 Cash flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(51)	(195)
Capital grants from DfE/ESFA	-	51
Cash transferred on academies leaving the trust	(437)	-
Net cash used in investing activities	(488)	(143)

21 Contingent liabilities

If a capital asset acquired by the academy trust for market value using a capital grant made available to the academy trust by the Department for Education, is disposed of during the currency of the relevant funding agreement between the charitable company and the Secretary of State, the academy trust is required to repay to the Secretary of State the same proportion of the proceeds of the disposal as equates with the proportion of the agreed costs met by the Secretary of State, unless the Secretary of State agrees to all proceeds being retained by the academy trust for its charitable purposes.

At the balance sheet date an ex employee has lodged a tribunal claim of dismissal through disability discrimination. After taking legal advice, the Trust is unable to reasonably project the outcome of this legal action, its eventual settlement date or value of settlement (if any). Accordingly, the Trust has disclosed this information as a contingent liability. Should any costs arise as a consequence of this claim, funding would have to be sought to meet them.

Notes to the financial statements

22 Members' liability

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

23 Pension and similar obligations

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 Schemes (LGPS) for non-teaching staff, which is managed by the Greater Manchester Pension Fund. Both are defined benefit schemes.

The pension costs are assessed in accordance with the recommendations 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.

Contributions amounting to £0 were payable to the schemes at 31 August 2019 (2018: £0) and are included within creditors.

Teachers' Pension Scheme (TPS)

INTRODUCTION

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

THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT

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

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

Notes to the financial statements

VALUATION OF THE TEACHERS' PENSION SCHEME

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

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

SCHEME CHANGES

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

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the period ended 31 August 2019 was £230,000 (2018: £558,130), of which employer contributions totalled £179,000 (2018: £433,159) and employees' contributions totalled £51,000 (2018: £124,971).

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

Notes to the financial statements

Pensions and similar obligations (continued)

The principal actuarial assumptions used by the actuaries at 31 January 2019 were as follows:

	2019 %	2018 %
Discount rate	2.6	2.8
Expected return on plans' assets	2.8	5.5
Rate of increase in pensions in payment	2.4	2.4
Rate of increase in salaries	3.2	3.2
Inflation assumption	3.4	3.4

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

	2019 Years	2018 Years
Retiring today		
- Males	21.5	21.5
- Females	24.1	24.1
Retiring in 20 years		
- Males	23.7	23.7
- Females	26.2	26.2

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	-	4,226
Bonds	-	994
Property	-	435
Cash	-	559
Total market value of assets	-	6,214

The actual return on scheme assets during the year was (£177k) (2018: £309k).

Notes to the financial statements

Pensions and similar obligations (continued)

Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service costs	391	795
Net interest cost	22	59
Total operating charge	413	854

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

	2019 £'000	2018 £'000
Obligations at 1 September 2018	8,101	7,657
Current service cost	297	795
Past service cost	94	-
Interest cost	95	201
Actuarial (gains)	-	(579)
Changes in financial assumptions	405	-
Contributions by plan participants	51	123
Benefits paid	(36)	(96)
Transferred out on academies leaving the Trust	(9,007)	-
Closing at 31 August 2019	-	8,101

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

	2019 £'000	2018 £'000
At 1 September 2018	6,214	5,448
Expected return	-	142
Interest income	73	-
Actuarial gains	(250)	167
Contributions by employer	179	430
Contributions by plan participant	51	123
Benefits paid	(36)	(96)
Transferred out on academies leaving the Trust	(6,231)	-
Closing at 31 August 2019	-	6,214

Notes to the financial statements

24 Related party transaction

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

The charitable company is sponsored by Salford City College ("The College") which has 75% control and The Salford City Council and the University of Salford with 12.5% each.

During the year, The College provided accommodation for the Central Trust team. This amounted to £7,288 (2018: £19,120). At the year end, £Nil (2018: £Nil) was owed to The College.

In addition, Salford City Council provides some Traded Services to the Trust. These services amounted to £999,157 (2018: £4,047,160) during the year in question. There were no related party transactions with the University of Salford. At the year end, £Nil (2018: £911,102) was owed to Salford City Council.

During the year United Learning Trust provided consultancy services in respect of school improvement and restructuring. This amounted to £190,671. (2018 £0). No amounts were owing at the balance sheet date. (2018; £0).

Following the 31 January 2019 re-brokerage, United Learning Trust continued to receive grants and pay expenditure for the period to 31 January 2109 on behalf of the Trust. At the balance sheet date the Trust owed United Learning Trust £Nil (2018; £0) and United Learning Trust owed the Trust £Nil (2018; £0).

In the year the Trust used the services of Lledr Hall which is Salford City Council's outdoor activity centre. The costs of those services was £5,412. No amounts were owing at the balance sheet date. (2018; £0).

Notes to the financial statements

25 Transfer of academies out of the Trust

On 31 January 2019 the Trust transferred all the operations and assets and liabilities to United Learning Trust for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value with a corresponding net amount recognised in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Value reported by transferring Trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Leaschold land & buildings	38,043	-	38,043
Furniture & equipment	453	-	453
Computer equipment	77	-	77
Motor vehicles	-	-	-
Other assets			
Stock	10	-	10
Debtors due in less than 1 year	543	-	543
Cash at bank and in hand	437	-	437
Liabilities			
Creditors due in less than 1 year	(1,526)	-	(1,526)
Provisions			
Pension scheme assets	6,231	-	6,231
Pension scheme liabilities	(9,007)	-	(9,007)
Net assets/(liabilities)	35,262	-	35,262

26 Post Balance Sheet Events

Since the Balance Sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the United Kingdom. Given that the financial year ended 31 August 2019 is the final financial period for the Trust and no further income will be generated, this is not expected to have a significant impact on the Trust.