

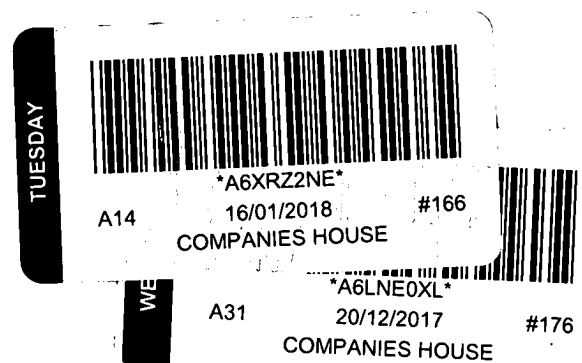
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Diocese of Salisbury Academy Trust

Registered number: 08656655

Trustees report and financial statements

For the year ended 31 August 2017



DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2017

Members	Salisbury Diocesan Board of Education Mott MacDonald Limited (resigned 24 November 2016) Kate Hackwell (resigned 24 November 2016) Chris Shepperd (resigned 24 November 2016) Bishop Karen Gorham (appointed 24 November 2016) Lucinda Herklots (appointed 24 November 2016) Antony MacRow-Wood (appointed 24 November 2016) Brian Hooper (appointed 24 November 2016, resigned 25 January 2017) Anthony Smith (appointed 10 July 2017)
Trustees	Anthony Smith Joy Tubbs Timothy Balmforth Giles Pugh (resigned 3 November 2016) Ronald Jenkinson Harold Stephens Mark Lacey Graham Maundrell (appointed 10 September 2016) Verity McAuley (appointed 10 September 2016) Anne Millin (appointed 10 September 2016)
Company registered number	08656655
Company name	Diocese of Salisbury Academy Trust
Principal and registered office	The Diocesan Education Centre The Avenue Wilton SP2 0FG
Company secretary	Giles Pugh
Chief executive officer	Mark Lacey
Senior management team	Mark Lacey, Chief Executive Officer Giles Pugh, Chief Operating Officer Linda Rowley, Academy Improvement Director Andrew Wilson, Executive Head, Southbroom St James and the Trinity Teri Goodinson, Head, Beaminster St Mary's Ben Barker, Head, The Dunbury Sarah Sprague, Head, Whitesheet Tony Cook, Head, St Bartholomew's Becky O'Brien, Head, Marden Vale Lynn Taylor, Head, Shrewton Sherril Atkins, Head, Trent Young's Sarah Patterson, Head, St Andrews Jean-Paul Draper, Head, Beechcroft St Paul's Amanda Aze, Head, St Johns

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Independent auditor Mazars LLP
Chartered Accountants
90 Victoria Street
Bristol
BS1 6DP

Bankers Lloyds Bank PLC
38 Blue Boar Row
Salisbury
Wiltshire
SP1 1DB

Solicitors Taylor Culshaw Limited
60 High Street
Burnham on Sea
Somerset
TA8 1AG

DIOCESE OF SALISBURY ACADEMY TRUST

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who are also Directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of the Diocese of Salisbury Academy Trust Limited (the Academy Trust) for the year ended 31 August 2017. The Trustees confirm that the annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Diocese of Salisbury Academy Trust is a Multi Academy Trust consisting of 12 schools, 11 primary and 1 junior, serving the Diocese of Salisbury area which includes most of Wiltshire and Dorset. The number of children on roll in the Trust on the October 2017 census is 2247.

Structure, governance and management

Constitution

The Academy Trust (incorporated on 19 August 2013 and opened as an Academy Trust on 1 December 2013) is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of the Diocese of Salisbury Academy Trust act as the Trustees for the charitable activities of the Diocese of Salisbury Academy Trust and are also the Directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year are included in the reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust. The limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of Trustees

As set out in the Memorandum and Articles of Association (M&A) for the Diocese of Salisbury Academy Trust, the Members of the Trust are nominated by the Salisbury Diocesan Board of Education (Sponsor) and include the Chair of the Board of Directors. These Members then appoint further Directors/governors in accordance with the Articles of Association. The Board of Directors of the Diocese of Salisbury Academy Trust is the overarching and statutory governing body for each Academy within the Trust.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

When appointing new Trustees, consideration is given to the skills and experience mix of existing Trustees in order to ensure the Board has the necessary skills to contribute fully to the Academy's development.

A Local Governing Board (LGB) for each individual academy is set up post conversion to undertake the day to day governance of the academy in line with the agreed Scheme of Delegation. The constitution for these LGBs is also set out in the Articles of Association and must include:

- At least 5 LGB members appointed by the Board of Trustees
- One elected member of staff and the Headteacher
- Two elected representatives of the parents of pupils attending the relevant academy

LGB members are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of LGB member, they can be reappointed/re-elected.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees is dependent upon their existing experience. LGB members will have a tour of the Academy and a chance to meet staff and pupils. All Trustees/Directors and LGB members are provided with copies of the relevant policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. Trustee induction tends to be done informally and is tailored specifically to the individual. The Trust makes provision for governor training through online and organised face-to-face events. LGBs are also encouraged to access local governor support services as required.

Organisational structure

The Board of Trustees generally meets 6 times per year to monitor closely the academic progress of previously underperforming schools within the Trust, as required by Ofsted and the Department for Education (DfE). Standard meetings allow for all necessary business to be conducted, including budget setting and monitoring.

The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees and LGBs through the minutes of their meetings. The Board may from time to time establish working groups to perform specific tasks over a limited timescale.

The timing of full Trustee meetings sits within a comprehensive schedule of meetings. The Academy Improvement Meetings (AIM) (meeting to assess academic progress in detail at each individual school) meets first with the report/minutes going to the LGB in the first instance. AIM Reports and LGB minutes come to the Chief Executive who submits summary reports to the Board of Trustees for review. These meetings happen three times per year with interim meetings in between to check on progress.

There are three main sub-committees of the Trust Board, the Audit Committee, Resources Committee and Standards Committee. These meet generally three times per year and are responsible for monitoring, evaluating and reviewing policy and performance in relation to each area. The Audit Committee focus particularly on financial management, compliance with reporting and regulatory requirements and reporting and receiving reports from internal audit. Additional expertise through a co-opted experienced Chartered Accountant has been brought to this Committee. The Resources Committee is responsible for matters concerning the financial activities and allocation of resources including budget setting, financial monitoring of performance and capital. The Standards Committee is responsible for matters in relation to improving school performance and outcomes.

The following decisions in respect of each Academy are reserved to the Board of Directors: to consider any proposals for changes to the status or constitution of the academy, to appoint or remove the Chair to appoint the Headteacher, to approve the academy improvement plan and budget as well as pay awards to Headteachers.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

The Board of Directors is responsible for setting general policy, adopting a Strategic plan, an annual plan and budget, approving the statutory accounts, monitoring each Academy through budgets and other data, and making major decisions about the strategic direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Directors have delegated responsibility for day to day management of each Academy to the LGB and Headteacher, acting within the budget set by the Trust Board. Some LGBs operate sub-committees as required, although this is not an expectation. The governance structure of the Trust and the associated responsibilities are set out in the Trust's Scheme of Delegation.

Two further operational management committees exist. The Headteacher Board is chaired by the Chief Executive and includes the leaders of all Academies in the Trust. It is the mechanism for the sharing of best practice and the collective development of Trust education policy and planning of Trust wide CPD and INSET programmes. The LGB Chairs Board is chaired by the Chair of the Board of Trustees and brings the Chairs of each LGB together with the executive staff of the Trust as required. Its purpose is to provide the forum for challenge and dialogue and the further shaping of our effective governance mechanisms.

The leadership structure of each individual academy within the Trust is tailored to meet the needs of the specific academy, dependent on its number on roll, its academy improvement plan, its levels of SEN and its budget.

The Chief Executive, Mark Lacey, is the Accounting Officer.

The Chief Operating Officer, Giles Pugh, is the Chief Financial Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider that the Board of Trustees, Chief Executive, Chief Operating Officer, Academy Improvement Director and Academy Headteachers comprise the key management personnel of the Trust and are in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees, with the exception of the Chief Executive, give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings. The Trustees benchmark against pay levels in other Academies of a similar size. The benchmark is the mid-point of the range paid for similar roles adjusting for any additional responsibilities.

Related parties and other connected charities and organisations

The Academy had two sponsors; the Salisbury Diocesan Board of Education and Mott MacDonald until the 24 November 2016 when Salisbury Diocesan Board of Education became the sole sponsor. There are no other related parties which either control or significantly influence the decisions and operations of the Academy Trust.

Details of related party transactions are disclosed in the notes to the accounts.

Objectives and Activities

Objects and aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

The principal object and activity of the Charitable Company is the operation of the Diocese of Salisbury Academy Trust, to provide free education and care for pupils of different abilities.

The Trust vision statement is:

Beyond expectations for all of God's children

Our vision is for the growth of thriving Christian learning communities, providing everyone with the opportunity to achieve more than they ever thought possible. Christian service is at the heart of all we do, as we help young people to develop excitement in learning and to live life to the full. We value everyone equally and demonstrate this through our words, actions, community life and the quality of the opportunities we provide.

Children at the heart of all we do

Our young people will be inspired to develop academically and spiritually, aspiring beyond their own and others expectations.

Faithfulness to our Christian tradition

We put God's love into action through our values of love, reconciliation, hope, forgiveness, peace, grace, justice and joy. Working with our parishes and communities, we encourage an understanding of the significance of faith through teaching, worship and prayer.

Striving for excellence

We love learning and are passionate about the high standards we can achieve in all aspects of life.

Collaboration

We build strong partnerships, learning with and from others as we challenge ourselves to reach new heights. We give of our best and expect the best from one another.

Celebrating success

We celebrate the achievements of every individual and share our successes widely.

Objectives, strategies and activities

The Trust has 4 strategic aims and these are;

Strategic Aim 1: Outcomes

All Academies are enabled to reach good or better outcomes.

- a. To improve standards in Reading, Writing and Mathematics so that year-on-year more pupils achieve and exceed age-related expectations, and progress exceeds that made by pupils with similar starting points.
- b. To secure high quality teaching and learning of a rich and broad curriculum in each academy.
- c. To ensure that groups at risk of underachieving make good or better progress as required.
- d. To strengthen the Christian distinctiveness of our church academies.

Strategic Aim 2: School Improvement

To establish a self-sustaining, system-led, collaborative approach to improvement.

- a. To secure an accurate and robust self-evaluation process.
- b. To develop school-to-school support.
- c. To build links with Teaching Schools and training providers.

Strategic Aim 3: Leadership

To ensure high quality leadership and governance at Trust Board, Local Governing Board and Academy level.

- a. To develop a fully-functioning, high-level Trust Board that represents the full range of skills required.
- b. To embed high quality governance at the Local Governing Board level, focused clearly on raising

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

- standards.
- c. To empower leaders to lead the improvement journey within and beyond their academies, holding to account for outcomes.

Strategic Aim 4: Business

To strengthen the Academy Trust by incorporating new academies and ensuring future sustainability.

- a. To maintain measured and systematic growth.
- b. To deliver high quality services to academies.
- c. To develop the structure of the organisation.
- d. To deliver a strong financial plan.

Public benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust aims to advance, for the public benefit, education in the Diocese of Salisbury. In particular, but without prejudice to the generality of the foregoing by establishing, maintaining, managing and developing schools, offering a broad curriculum in both Church of England schools and other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves.

The Trust provides opportunities for children, their parents and the local communities that it serves through a range of extra-curricular activities and opportunities.

As a Trust, we are working to support all of the academies within the Trust and to develop a culture of mutual support and development across these academies. Within the broader diocesan context, each of these academies remains part of the broader family of church schools and part of that network. The commitment to developing a high quality curriculum, delivered by well trained and effective teaching and support staff, and the sharing of expertise continues.

Strategic report

Achievements and performance

DSAT now has twelve academies and has been approved to open a new academy in September 2018. Trent Young's CE School joined in February 2017. Shrewton CE Primary School joined in March 2017 having previously been judged as requiring special measures. St Johns CE Primary School and St Andrews CE Primary School both joined in July 2017 and Beechcroft St Pauls CE Primary School joined in August 2017. Their results are included below although the Trust's ability to impact on these results was very limited this year.

The performance of our academies at Key Stage 2 overall increased by more than the performance of schools nationally. Four of our academies increased their combined outcomes by over 20% and three further academies rose by 10% or more. Three had lower results than last year, although one of these had only five eligible children. The overall performance at Key Stage 2 is still some way below the national levels so we remain focused on making even more significant progress next year. Progress scores were up on last year in many of our existing academies although there are too few that are making sufficient progress from the end of Key Stage 1. This is largely due to historical underperformance that has now been addressed. In almost all of our academies, the percentage of children reaching the higher Greater Depth Standard rose from the previous year, moving the overall average closer to the national level.

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

At EYFS, our performance has matched last year's national figures. Our phonics results in Year 1 rose by over 10% on average and now sit just below the national level. Our Key Stage 1 results were broadly similar to last year at the expected level and again, there is more work to do to close the gap with national levels.

We continue to put significant resource into the attainment and progress of our most disadvantaged children. Whilst progress has been made, this has not been sufficient in 2016-17 to close the gap with their peers and this is a major focus for us in the next year.

Key Stage 2 data

KS2 2017	Y6#	Y6W TA % met	Y6W TA % GDS	Y6R % met	Y6R Test % GDS	Y6R Ave Scale Score	Y6 SPAG Test % met	Y6 SPAG Test % GDS	Y6 SPAG Ave Scale Score	Y6M Test % met	Y6M Test % GDS	Y6M Ave Scale Score	Y6 Comb % met	Y6 Comb % GDS	Progress Writing (Floor)	Progress Reading (Floor)	Progress Maths (Floor)
National		76	18	71	25	104	77	31	106	75	23	104	61	9	(-7)	(-5)	(-5)
Beaminst St Mary's	20	65	5	65	30	103.6	75	25	104.8	70	25	104.1	60	5	-2.9	-0.1	0.2
Beechcroft St Paul's	31	39	6	58	19	103	42	3	100	29	0	97	26	0	-4.2	-1	-5.5
Dunbury	11	73	45	82	18	104.5	73	45	107.3	73	27	103.6	73	18	-0.5	-1.7	-2.2
Marden Vale	25	56	4	32	8	81.7	32	8	84.4	52	4	81.07	24	4	-3.2	-5.6	-2.1
Shrewton*	15	47	7	53	0	103	47	0	101	33	0	99	27	0	-5.5	-0.6	-4.6
Southbroom	72	68	17	75	32	105	76	22	104	72	13	103	57	8	0.5	2.9	0
St Andrew's	35	60	9	77	31	106	69	29	105	69	14	103	49	3	-6.3	0.4	-2.4
St Bartholomew's	47	79	23	60	8	100	67	19	103	58	13	101	50	4	1.1	-3.5	-2.8
St John's*	30	83	17	70	17	103	73	17	104	70	33	105	60	13	1	0.1	2.3
Trent Young's*	16	88	19	75	31	104.8	69	19	103.9	88	13	104.3	69	0	-1.5	-2.4	-2.2
Trinity	27	74	12	63	15	102	52	12	101	48	19	101	41	4	4.4	2.5	1.4
Whitesheet	5	40	0	40	0	97.4	0	0	96.6	0	0	94.3	0	0	-13	-2.1	-4.6
Total	334	66%	14%	65%	20%	101.2	63%	18%	101.3	60%	14%	99.7	48%	5%			

Foundation Stage and Key Stage 1 Data

EYFS KS1 2017	YR#	%GL D	Y1	Y1 Ph% met	Y2# Ph	Y2 Ph % met	Y2#	Y2R % met	Y2R % GDS	Y2W % met	Y2W % GDS	Y2M % met	Y2M % GDS
National				81		92		76	25	68	16	75	21
Beaminst St Mary's	16	75	14	86	5	83	19	68	32	68	16	68	16
Beechcroft St Paul's*	30	57	30	77	3	33	31	61	10	42	3	58	13
Dunbury	14	64	14	93	2	100	11	82	18	64	27	73	27
Marden Vale	45	62	43	67	27	52	41	55	24	38	5	49	15
Shrewton*	14	57	16	69	3	67	22	86	14	73	9	73	14
Southbroom	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
St Andrew's*	36	31	46	78	20	60	58	59	19	36	5	50	10
St Bartholomew's	49	71	46	78	15	73	48	73	19	58	10	67	25
St John's*	30	60	30	80	9	66	60	83	28	72	27	77	28
Trent Young's*	19	68	17	82	5	60	23	74	26	52	13	74	30
Trinity	27	73	22	73	6	67	26	77	42	73	19	73	19
Whitesheet	6	67	12	50	2	50	6	67	17	67	0	67	0
Total	286	62%	290	76%	97	62%	345	70%	23%	56%	12%	64%	20%

* Figures for Marden Vale include a number of children in their Resource Base for pupils with complex Special Educational Needs and Disabilities. Figures for Whitesheet are based on very small cohort sizes.

is the number of pupils

* are new joiners to the Trust during the year

GDS is the higher 'Greater Depth Standard'

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

Key performance indicators

In addition to a review of performance against assessment targets for each school, the Trust Board receive regular financial summaries of school performance.

As General Annual Grant (GAG) funding, which is the main funding stream for the Trust, is based on pupil numbers; this is the key performance indicator for review. The Trust includes small rural schools within which the pupil numbers can fluctuate significantly year on year. The Trust ensures that resources are utilised appropriately to take account of these fluctuations. It is anticipated that the number of pupils within the Trust will continue to rise in the forthcoming year.

Academies within the Trust are generally small in size and have a high proportion of upper pay scale teachers, which increase pay costs. The Trust has overall control of Academy cash reserves, ensuring that deposit balances are used wherever possible.

The following KPI's for the Trust for the year ended 31st August are noted:

Pupil numbers at October 2017 2247

Pupil numbers at October 2016 1284

Pupil numbers at October 2015 792

Staff costs as a percentage of income in 2017 70.5%

Staff costs as a percentage of income in 2016 73.7%

Staff costs as a percentage of income in 2015 71.4%

Cash balance as at 31/8/17 £773k

Cash balance as at 31/8/16 £963k

Cash balance as at 31/8/15 £1,130k

Academy fund balances as at 31/8/17 £693K

Academy fund balances as at 31/8/16 £230k

Capital additions in 2017 £575k

Capital additions in 2016 £1,103k

Capital funding secured via CIF bids in 2017 £472k

Capital funding secured via CIF bids in 2016 £838k

The Diocese of Salisbury Academy Trust is still developing and in its fourth operating year; the Trustees are looking to further develop a list of key financial and performance indicators. The Academy Trust will set targets in relation to its reserves, ensuring the Trust meets its reserve policy and still be able to manage any unforeseen events. As the Academy Trust grows it will be better able to benchmark budgets and expenditure against a number of criteria, such as staff costs, property costs per school and per pupil.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

Going concern

After making appropriate enquiries, the Board of Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the going concern policy.

Financial review

Most of the Academy Trust's income is obtained from the DfE via the ESFA 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.

At the year ended 31 August 2017, the total Fund balances at individual Academies (note 20) totalled £693k (prior year £230k). This is an increase of £463k in the year of which £381k is due to the new reserves being brought in, in year, on the conversion of the five new joiners to the Trust in 2017. The remaining £82k is the underlying operational surplus for the year.

To reflect the new ESFA guidance on the accounting treatment for Church owned land and buildings a prior year adjustment has been made (note 19). This has meant that the Trust Balance Sheet position is now a negative £1,939k. This is not a going concern issue and simply reflects the inherited pension scheme liability. The pension scheme liability at the 31 August 2017 is £4,568k and this is guaranteed by the government as explained in the principal risks and uncertainties section below.

At 31 August 2017 the net book value of fixed assets was £1,936k (prior year £1,441k) and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives. The continued success of the Trust in securing ESFA capital grants is shown by the £575k of capital additions in 2017 of which £472k was funded by ESFA grants. This compares to £1,103k in the prior year of which £1,063k was funded by ESFA grants.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 2 to the financial statements.

All financial policies including the scheme of delegation have been reviewed and updated for the current year as the Trust looks to continually improve upon its financial service.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere and insurance.

The Trustees examine the financial health, reviewing performance against budgets and overall expenditure by means of updated reports at all Board meetings and via its Audit Committee. At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However,

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

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. This guarantee came into force on 18 July 2013.

The principal risks and uncertainties facing the Academy Trust are as follows:

Reputational

- The continuing success of the Academy Trust is dependent on implementing rapid and sustained educational achievement in its academies and continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed and this is part of the remit of the Standards Committee.

Financial

- Pupil numbers are key to the financial viability and the impact of low pupil numbers is a significant threat to viability, therefore this is monitored closely by the Resources Committee.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation and statutory returns. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- The ability to continue to grow to improve the long term financial position of the Academy Trust is seen as a key risk and therefore growth is essential and closely monitored by the Trust Board and Resources Committee.
- Fraud and mismanagement of funds - The Academy Trust has appointed an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. Finance staff training is given to keep staff up to date with financial practice requirements and develop their skills in this area.

Operational

- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- The Academy will continue to strengthen its risk management process throughout the year by improving the process and raising staff awareness. A risk register is maintained and is reviewed and updated on a regular basis.

The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the governance statement.

The Academy Trust has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Trust faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A risk register is maintained and reviewed on a regular basis both by the Board of Trustees and the Audit Committee.

Reserves policy

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

The Board of Directors approved a new reserves policy on the 18th October 2017. The policy encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Board is that the Academy plans to spend the vast majority of its revenue income each year on the pupils in its care; but also to build up a level of free reserves of between 3% to 5% that will be adequate to provide a stable base for the continuing operation of the Academy Trust whilst ensuring that excessive funds are not accumulated.

These free reserves are held for the investment in buildings, to smooth any change in pupil led funding and to provide for any unforeseen liabilities. These reserves will provide a cushion to deal with unexpected emergencies such as urgent maintenance, as well as sums that are set aside from this each year for planned replacement of capital items.

Investments policy

The Board of Directors are firmly committed to ensuring that all funds under their control are administered under a risk averse investment strategy. As such the Board do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Plans for future periods

The opening of a brand new primary school St Peters CE Academy in September 2018 and developing a hub approach as appropriate across the academies making up the Trust.

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy Trust will continue to work with its strategic partners to improve the educational opportunities for pupils in the wider community.

The Academy Trust will seek to sponsor additional schools and also allow voluntary converters to join the Academy Trust from both the primary and secondary sectors. Allowing voluntary schools to join is fundamental to the ethos of the Academy Trust in collaboration and sharing best practice.

Funds held as custodian

The Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that

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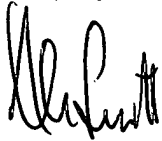
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

information.

Auditor

The auditor, Mazars LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the Company Directors, on **18/12/17** and signed on its behalf by:



Trustee

ANTHONY SMITH

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Diocese of Salisbury Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Anthony Smith	6	6
Joy Tubbs	3	6
Timothy Balmforth	5	6
Giles Pugh	1	1
Ronald Jenkinson	4	6
Harold Stephens	3	6
Mark Lacey	5	6
Graham Maundrell	4	6
Verity McAuley	3	6
Anne Millin	5	6

Resources Committee

The Resources Committee is a Sub-committee of the main Board of Trustees. Its purpose is to:

- Provide oversight on behalf of the Board in matters concerning the financial and resource activities of the Trust;
- Assist the decision making process of the Board, by enabling more detailed consideration to be given to the best means of fulfilling Trustees responsibility to ensure sound management of the Trust's finances and resources, including proper planning, budgeting, monitoring, reporting, value for money and probity.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Verity McAuley	3	3
Graham Maundrell	3	3
Joy Tubbs	2	3

Audit Committee

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:

- provide oversight of the Academy Trust's governance, risk management, internal controls and value for money systems and frameworks.

Attendance at meetings in the year was as follows:

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Trustee	Meetings attended	Out of a possible
Harold Stephens	2	3
Anthony Smith	3	3
Michael Armstrong (co-opted)	2	3

The Standards Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:
- provide oversight of improving school performance and outcomes.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Anne Millin	3	3
Tim Balmforth	3	3
Ronald Jenkinson	3	3

Review of Value for Money

As 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 society outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Developing an in-house approach to school improvement including appointing experienced staff to form a central Academy improvement team and the use of staff from within the Trust to support one another.
- A review of HR services and the award of HR advice provision to a professional firm to provide both a better quality service and increased level of support.
- A review of both website and IT service suppliers to provide both a better quality service and increased support.
- The Trust has continued to refine its external capital project management and bid writers agreement which has continued the trend of significant CIF bid success.

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 the Diocese of Salisbury Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy 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 year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

DIOCESE OF SALISBURY ACADEMY TRUST

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Mazars LLP as internal auditor.

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

- Purchases and payments including segregation of duties, system security and supplier details change;
- Financial management including reconciliations for bank, debtor, purchase control and payroll;
- Payroll and employer expenses including authorisation, payments supported by documentary evidence; and
- Eligibility to work in the UK.

On a regular basis, the internal auditor reports to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

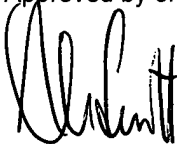
Review of Effectiveness

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

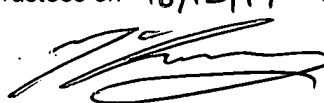
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 Board of Trustees on 18/12/17 and signed on their behalf, by:



Trustee
ANTHONY SMITH



Mark Lacey
Accounting Officer

DIOCESE OF SALISBURY ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the Diocese of Salisbury Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Mark Lacey
Accounting Officer

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of the Diocese of Salisbury Academy Trust 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 issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

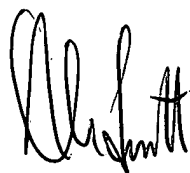
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Members of the Board of Trustees on 18/12/17 and signed on its behalf by:



Trustee

ANTHONY SMITH

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DIOCESE OF SALISBURY ACADEMY TRUST

Opinion

We have audited the financial statements of the Diocese of Salisbury Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy 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 Members for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DIOCESE OF SALISBURY ACADEMY TRUST

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

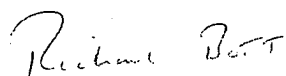
DIOCESE OF SALISBURY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE
MEMBERS OF DIOCESE OF SALISBURY ACADEMY TRUST**

Auditor's responsibilities for the audit of the financial statements

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

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



Richard Bott (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP
Date: 19/12/17

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIOCESE OF SALISBURY ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Diocese of Salisbury Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of the Diocese of Salisbury Academy Trust's funding agreement with the Secretary of State for Education dated 28 January 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 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken includes:

- tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament;
- Obtained the register of personal interests;
- Planned our assurance procedures including identifying key risks;
- Concluded on procedures carried out.

DIOCESE OF SALISBURY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO DIOCESE OF SALISBURY ACADEMY TRUST AND THE EDUCATION
AND SKILLS FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

Mazars LLP

Chartered Accountants
Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

Date: 19/12/17

DIOCESE OF SALISBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds Restated 2016
	Note	2017 £	2017 £	2017 £	2017 £	2016 £
Income and endowments from:						
Inherited assets on conversion	2	381,527	(2,229,000)	-	(1,847,473)	(254,000)
Charitable activities	3	-	7,768,319	472,065	8,240,384	7,421,022
Other trading activities	4	205,882	-	-	205,882	161,152
Investments	5	2,226	-	-	2,226	1,384
Other income		-	582,515	-	582,515	524,210
Total income and endowments		589,635	6,121,834	472,065	7,183,534	7,853,768
Expenditure on:						
Charitable activities		239,532	8,480,765	79,640	8,799,937	7,222,150
Total expenditure	6	239,532	8,480,765	79,640	8,799,937	7,222,150
Net income / (expenditure) before transfers		350,103	(2,358,931)	392,425	(1,616,403)	631,618
Transfers between Funds	20	-	(102,921)	102,921	-	-
Net income / (expenditure) before other recognised gains and losses		350,103	(2,461,852)	495,346	(1,616,403)	631,618
Actuarial gains/(losses) on defined benefit pension schemes	26	-	604,000	-	604,000	(1,037,000)
Net movement in funds		350,103	(1,857,852)	495,346	(1,012,403)	(405,382)
Reconciliation of funds:						
Total funds brought forward		131,493	(2,498,732)	1,441,019	(926,220)	(520,838)
Total funds carried forward		481,596	(4,356,584)	1,936,365	(1,938,623)	(926,220)

DIOCESE OF SALISBURY ACADEMY TRUST

Registered number: 08656655


(A Company Limited by Guarantee)

BALANCE SHEET

AS AT 31 AUGUST 2017

	Note	£	2017 £	Restated 2016 £
Fixed assets				
Tangible assets	16		1,936,365	1,441,019
Current assets				
Debtors	17	926,248	337,598	
Cash at bank and in hand		773,427	963,448	
		<u>1,699,675</u>	<u>1,301,046</u>	
Creditors: amounts falling due within one year	18	<u>(1,006,663)</u>	<u>(1,071,285)</u>	
Net current assets			693,012	229,761
Total assets less current liabilities			<u>2,629,377</u>	<u>1,670,780</u>
Defined benefit pension scheme liability	26		<u>(4,568,000)</u>	<u>(2,597,000)</u>
Net liabilities including pension scheme liabilities			<u>(1,938,623)</u>	<u>(926,220)</u>
Funds of the academy				
Restricted income funds:				
Restricted income funds	20	211,416	98,268	
Restricted fixed asset funds	20	1,936,365	1,441,019	
Restricted income funds excluding pension liability		2,147,781	1,539,287	
Pension reserve		<u>(4,568,000)</u>	<u>(2,597,000)</u>	
Total restricted income funds			(2,420,219)	(1,057,713)
Unrestricted income funds	20		481,596	131,493
Total deficit			<u>(1,938,623)</u>	<u>(926,220)</u>

The financial statements on pages 24 to 50 were approved by the Trustees, and authorised for issue, on 18/12/17 and are signed on their behalf, by:



Trustee

ANTHONY SMITH

DIOCESE OF SALISBURY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	22	(42,808)	(125,668)
Cash flows from investing activities:			
Dividends, interest and rents from investments		(2,226)	(1,384)
Purchase of tangible fixed assets		(574,986)	(1,103,492)
Capital grants from DfE/ESFA		429,999	1,063,628
Net cash used in investing activities		(147,213)	(41,248)
Change in cash and cash equivalents in the year		(190,021)	(166,916)
Cash and cash equivalents brought forward		963,448	1,130,364
Cash and cash equivalents carried forward	23	773,427	963,448

DIOCESE OF SALISBURY ACADEMY TRUST

(A Company Limited by Guarantee)

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

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

The Diocese of Salisbury Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fund accounting

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

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

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

DIOCESE OF SALISBURY ACADEMY TRUST

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All expenditure is inclusive of irrecoverable VAT.

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

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	10% straight line
Office equipment	-	20% straight line
Computer equipment	-	25% straight line
Assets in the course of construction	-	Nil

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

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

1. Accounting Policies (continued)

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 costs as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Taxation

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1. Accounting Policies (continued)

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

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

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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2. Income from donations and capital grants

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds Restated 2016
	2017 £	2017 £	2017 £	2017 £	2016 £
Inherited assets on conversion	381,527	(2,229,000)	-	(1,847,473)	(254,000)
	<u>381,527</u>	<u>(2,229,000)</u>	<u>-</u>	<u>(1,847,473)</u>	<u>(254,000)</u>
<i>Total Restated 2016</i>	<u>-</u>	<u>(254,000)</u>	<u>-</u>	<u>(254,000)</u>	

3. Funding for Academy's educational operations

	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds 2016
	2017 £	2017 £	2017 £	2017 £	2016 £
DfE/ESFA grants					
GAG Income	-	7,053,084	-	7,053,084	5,821,669
Start up grant	-	100,378	-	100,378	65,645
Capital grant	-	472,065	-	472,065	1,063,628
Other ESFA grants	-	100,709	-	100,709	-
UIFSM funding	-	158,979	-	158,979	169,556
DFC income	-	114,758	-	114,758	33,791
	<u>-</u>	<u>7,999,973</u>	<u>-</u>	<u>7,999,973</u>	<u>7,154,289</u>
Other government grants					
SEN funding	-	136,378	-	136,378	125,701
LAC income	-	98,946	-	98,946	141,032
	<u>-</u>	<u>235,324</u>	<u>-</u>	<u>235,324</u>	<u>266,733</u>
Other funding					
Other government grants	-	5,087	-	5,087	-
	<u>-</u>	<u>5,087</u>	<u>-</u>	<u>5,087</u>	<u>-</u>
	<u>-</u>	<u>8,240,384</u>	<u>-</u>	<u>8,240,384</u>	<u>7,421,022</u>
<i>Total Restated 2016</i>	<u>-</u>	<u>7,410,491</u>	<u>10,531</u>	<u>7,421,022</u>	

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

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	14,291	-	14,291	19,081
Trip income	85,414	-	85,414	57,353
Catering income	93,916	-	93,916	68,487
Music services income	8,036	-	8,036	5,247
Uniforms income	3,679	-	3,679	4,786
Sponsor income	546	-	546	6,198
	<u>205,882</u>	<u>-</u>	<u>205,882</u>	<u>161,152</u>
<i>Total Restated 2016</i>	<u>161,152</u>	<u>-</u>	<u>161,152</u>	

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income - local cash	2,226	-	2,226	1,384
	<u>2,226</u>	<u>-</u>	<u>2,226</u>	<u>1,384</u>
<i>Total Restated 2016</i>	<u>1,384</u>	<u>-</u>	<u>1,384</u>	

6. Expenditure (excluding governance costs)

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total Restated 2016 £
Academy's educational operations					
Direct costs	5,449,196	-	949,182	6,398,378	5,098,911
Support costs	950,951	303,964	907,112	2,162,027	1,797,148
	<u>6,400,147</u>	<u>303,964</u>	<u>1,856,294</u>	<u>8,560,405</u>	<u>6,896,059</u>
<i>Total Restated 2016</i>	<u>5,189,792</u>	<u>193,599</u>	<u>1,512,668</u>	<u>6,896,059</u>	

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

7. Direct costs

	Trust £	Total 2017 £	Total Restated 2016 £
Pension income	64,000	64,000	55,000
Educational supplies	173,349	173,349	106,468
Educational consultancy	17,841	17,841	9,225
Technology costs	58,074	58,074	78,977
Staff development	54,128	54,128	49,350
Other direct costs	293,167	293,167	147,264
Educational trips	89,583	89,583	76,825
Agency staff	211,257	211,257	145,574
Wages and salaries	4,061,546	4,061,546	3,424,798
National insurance	329,684	329,684	235,497
Pension cost	983,163	983,163	686,077
Depreciation	62,586	62,586	31,482
	<u>6,398,378</u>	<u>6,398,378</u>	<u>5,046,537</u>
<i>Total 2016</i>	<u>5,046,537</u>	<u>5,046,537</u>	

8. Support costs

	Governance £	Trust £	Total 2017 £	Total Restated 2016 £
Set-up costs	-	86,839	86,839	72,442
IT support costs	-	103,741	103,741	56,408
Cleaning and waste management	-	56,469	56,469	35,964
Maintenance of premises and equipment	-	165,695	165,695	151,907
Insurance	-	97,928	97,928	125,727
Security and transport costs	-	2,255	2,255	4,063
Catering costs	-	129,748	129,748	113,672
Bank charges	-	1,031	1,031	1,107
Other support costs	-	340,951	340,951	309,788
Utilities	-	139,773	139,773	124,815
Auditor's remuneration	17,207	-	17,207	22,232
Legal and professional fees	210,053	69,592	279,645	345,874
Governors' and directors' expenses	12,272	-	12,272	10,359
Wages and salaries	-	757,291	757,291	637,725
National insurance	-	40,670	40,670	22,492
Pension cost	-	152,990	152,990	130,828
Depreciation	-	17,054	17,054	10,210
	<u>239,532</u>	<u>2,162,027</u>	<u>2,401,559</u>	<u>2,175,613</u>
<i>Total 2016</i>	<u>326,091</u>	<u>1,849,522</u>	<u>2,175,613</u>	

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

9. Net income/(expenditure)

This is stated after charging:

	2017 £	Restated 2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	79,640	41,691
Governance Internal audit costs	4,664	2,520
	<u> </u>	<u> </u>

10. Auditors' remuneration

	2017 £	2016 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	12,835	12,500
Fees payable to the academy's auditor and its associates in respect of:		
The consolidated statutory financial statements for the Trust	1,585	1,545
Preparation of the Government Annual return	815	815
Taxation compliance services	1,095	1,065
Internal audit services	4,664	2,520
	<u> </u>	<u> </u>

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,818,837	4,062,524
Social security costs	370,354	257,989
Operating costs of defined benefit pension schemes	1,136,154	816,905
	<u>6,325,345</u>	<u>5,137,418</u>
Apprenticeship levy	5,210	-
Staff restructuring costs	69,592	52,374
	<u>6,400,147</u>	<u>5,189,792</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £69,592 (2016: £9,650). Individually the payments were £5,500, £5,792, £28,500 and £29,800.

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

	2017 No.	2016 No.
Teaching	71	61
Admin	98	84
Management	8	8
	<u>177</u>	<u>153</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	4	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £687,285 (2016: £591,253).

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

12. Central services

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

- Financial services
- Legal services
- Human resources
- Education support services
- Governance support services
- Health and safety services
- Safeguarding services
- Others as arising

The Trust charges for these services on the following basis:

The Trust charge is based on 5% of GAG income and the actual amounts charged during the year were as follows:

	2017 £	2016 £
Southbroom St James	35,422	38,320
Beaminster	28,936	31,352
Dunbury	23,764	24,352
Whitesheet	14,380	14,000
St Bartholomew's	59,464	58,528
The Trinity	34,176	33,360
Marden Vale	59,220	58,032
St John's	7,761	-
Trent Young's	14,794	-
St Andrew's	9,552	-
Beechcroft St Pauls	3,618	-
Shrewton	12,030	-
	<u>303,117</u>	<u>257,944</u>
Total		

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

13. Trustees' remuneration and expenses

During the year retirement benefits were accruing to 1 Trustee (2016 - 1) in respect of defined benefit pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive Officer and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
Mark Lacey	Remuneration	80,000-85,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £4,650 were reimbursed to 4 Trustees (2016 - £5,808 to 5 Trustees).

14. Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

15. Other finance income

	2017 £	2016 £
Interest on pension scheme liabilities	(64,000)	(55,000)

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NOTES TO THE FINANCIAL STATEMENTS
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16. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 September 2016 - Restated	952,442	99,933	9,543	436,530	1,498,448
Additions	388,778	127,636	58,572	-	574,986
Transfer between classes	436,530	-	-	(436,530)	-
At 31 August 2017	1,777,750	227,569	68,115	-	2,073,434
Depreciation					
At 1 September 2016 - restated	38,467	13,454	5,508	-	57,429
Charge for the year	62,585	13,418	3,637	-	79,640
At 31 August 2017	101,052	26,872	9,145	-	137,069
Net book value					
At 31 August 2017	1,676,698	200,697	58,970	-	1,936,365
At 31 August 2016 - Restated	913,975	86,479	4,035	436,530	1,441,019

17. Debtors

	2017 £	2016 £
Trade debtors	22,934	3,766
VAT repayable	110,576	57,025
Other debtors	5,402	44,302
Prepayments and accrued income	787,336	232,505
	926,248	337,598

18. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	202,721	142,700
Other taxation and social security (see below)	125,405	74,059
Other creditors	5,016	6,375
Accruals and deferred income	673,521	848,151
	1,006,663	1,071,285

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

18. Creditors: Amounts falling due within one year (continued)

Other taxation and social security

	2017	2016
	£	£
PAYE/Ni control	125,405	74,059
	<u>125,405</u>	<u>74,059</u>
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	456,489	729,663
Resources deferred during the year	525,183	456,489
Amounts released from previous years	(456,489)	(729,663)
	<u>525,183</u>	<u>456,489</u>
Deferred income at 31 August 2017	<u>525,183</u>	<u>456,489</u>

At the Balance Sheet date the Trust was holding funds received, including but not limited to, the following:

- Capital grant monies unspent at year end £79,055 (2016: £286,809)
- Start up grants unspent at year end £226,789 (2016: £Nil)
- Free school meals funding received in advance £126,330 (2016: £85,752)
- Rates relief and grants received in advance £Nil (2016: £19,481)
- Grants unspent at year end £Nil (2016: £64,447)
- Other £93,009 (2016: £Nil)

19. Prior year adjustment

Following a change in the ESFA guidance, on the accounting treatment for Church owned land and buildings, contained in the Academies Accounts Direction 2016 to 2017. The Trustees have assessed that the terms of the Church Supplemental Agreements between the Trust and the Salisbury Diocesan Board of Education relating to land and buildings occupied by the Trust are such that the Trust does not have control over these assets. The land and buildings therefore no longer meet the criteria for recognition as an asset in the financial statements. A prior year adjustment has therefore been made to the opening cost and depreciation of £12,619,999 and £368,343 respectively.

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Restated Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	131,493	589,635	(239,532)	-	-	481,596
Restricted funds						
Restricted Funds - all funds	98,268	8,350,834	(8,134,765)	(102,921)	-	211,416
Pension reserve	(2,597,000)	(2,229,000)	(346,000)	-	604,000	(4,568,000)
	<u>(2,498,732)</u>	<u>6,121,834</u>	<u>(8,480,765)</u>	<u>(102,921)</u>	<u>604,000</u>	<u>(4,356,584)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	1,441,019	472,065	(79,640)	102,921	-	1,936,365
Total restricted funds	<u>(1,057,713)</u>	<u>6,593,899</u>	<u>(8,560,405)</u>	<u>-</u>	<u>604,000</u>	<u>(2,420,219)</u>
Total funds	<u>(926,220)</u>	<u>7,183,534</u>	<u>(8,799,937)</u>	<u>-</u>	<u>604,000</u>	<u>(1,938,623)</u>

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees;
- Restricted funds (excluding pension reserve) represent funds received from the Department for Education and is specifically spent on the running of the Academies;
- Pension reserve represents the movements on the Local Government Pension Schemes' Liabilities;
- Restricted fixed asset funds represents resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

DIOCESE OF SALISBURY ACADEMY TRUST

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

20. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Southbroom	35,423	31,535
Beaminster	46,187	(2,715)
Dunbury	(8,775)	(9,434)
Whitesheet	(122,498)	(98,053)
Central services	103,197	97,531
St Bartholomew's	83,862	97,795
Trinity	101,089	110,907
Marden Vale	9,772	2,196
St John's	160,168	-
St Andrew's	81,434	-
Beechcroft	64,368	-
Shrewton	138,785	-
Total before fixed asset fund and pension reserve	693,012	229,762
Restricted fixed asset fund	1,936,365	1,441,019
Pension reserve	(4,568,000)	(2,597,000)
Total	(1,938,623)	(926,219)

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Whitesheet	(122,498)
Dunbury	(8,775)

The deficit in Whitesheet is as a result of a historic significant reduction in pupil numbers at a small school and an ongoing reduction in pupil numbers in 2016/17.

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

All academies are going through a detailed financial review to seek to ensure the achievement of an underlying operational in year surplus.

Whitesheet and Dunbury are seeking to increase future pupil numbers via local targetted marketing.

Restructuring has taken place at a number of Academies to reduce staff costs for future years.

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20. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Southbroom	743,568	150,339	63,104	145,142	1,102,153	1,034,835
Beaminster	410,895	76,544	77,615	110,300	675,354	792,876
Dunbury	301,904	114,830	70,375	65,880	552,989	618,443
Whitesheet	224,067	65,033	14,324	57,919	361,343	428,392
Central	605,488	-	9,339	387,252	1,002,079	282,436
St Bartholomew's	983,561	113,742	123,813	145,470	1,366,586	1,355,375
The Trinity	528,025	108,447	102,369	106,882	845,723	814,877
Marden Vale	1,205,820	199,332	90,763	159,099	1,655,014	1,710,253
St John's	133,278	20,527	5,161	22,394	181,360	-
Trent Young's	240,700	33,216	29,790	48,648	352,354	-
St Andrew's	160,115	32,831	12,264	72,370	277,580	-
Beechcroft	68,022	11,457	3,078	4,730	87,287	-
Shrewton	167,925	24,654	30,022	37,828	260,429	-
	<u>5,773,368</u>	<u>950,952</u>	<u>632,017</u>	<u>1,363,914</u>	<u>8,720,251</u>	<u>7,037,487</u>

21. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds Restated 2017 £
Tangible fixed assets	-	-	1,936,365	1,936,365
Current assets	481,596	1,218,078	-	1,699,674
Creditors due within one year	-	(1,006,662)	-	(1,006,662)
Provisions for liabilities and charges	-	(4,568,000)	-	(4,568,000)
	<u>481,596</u>	<u>(4,356,584)</u>	<u>1,936,365</u>	<u>(1,938,623)</u>

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22. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	Restated 2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,616,403)	631,618
Adjustment for:		
Depreciation charges	79,640	41,692
Dividends, interest and rents from investments	2,226	1,384
(Increase)/decrease in debtors	(573,978)	49,925
Decrease in creditors	(57,352)	(183,659)
Capital grants from DfE and other capital income	(451,941)	(1,063,628)
Defined benefit pension scheme obligation inherited	-	254,000
Defined benefit pension scheme finance cost	346,000	143,000
Net gain on assets and liabilities from local authority on conversion	2,229,000	-
Net cash used in operating activities	(42,808)	(125,668)

23. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	773,427	963,448
Total	773,427	963,448

24. Conversion to an academy trust

Beechcroft St Pauls CofE Primary School

On 1 August 2017 Beechcroft previously known as Beechcroft St Pauls CofE VA Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Diocese of Salisbury Academy Trust from Dorset County Council for £NIL consideration.

The transfer has been estimated and accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities incorporating Income and Expenditure Account as voluntary income.

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 incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Other assets	62,789	-	-	62,789

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

24. Conversion into an academy trust (continued)

St John's CofE Primary School

On 1 July 2017 St John's previously known as St John's CofE VA Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Diocese of Salisbury Academy Trust from Dorset County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

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 incorporating Income and Expenditure Account.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Other assets	<u>141,098</u>	<u>-</u>	<u>-</u>	<u>141,098</u>

St Andrew's CofE Primary School

On 1 July 2017 St Andrew's previously known as St Andrews CofE VA Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Salisbury Academy Trust from Dorset County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

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 incorporating Income and Expenditure Account.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Other assets	<u>63,066</u>	<u>-</u>	<u>-</u>	<u>63,066</u>

DIOCESE OF SALISBURY ACADEMY TRUST

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

24. Conversion into an academy trust (continued)

Shrewton CofE Primary School

On 1 March 2017 Shrewton previously known as Shrewton CofE Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Salisbury Academy Trust from Dorset County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

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 incorporating Income and Expenditure Account.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Other assets	<u>119,336</u>	<u>-</u>	<u>-</u>	<u>119,336</u>

Trent Young's CofE Primary School

On 1 February 2017 Trent Young's previously known as Trent Young's Endowed CofE VA Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Salisbury Academy Trust from Dorset County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

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 incorporating Income and Expenditure Account.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Other liabilities	<u>(4,762)</u>	<u>-</u>	<u>-</u>	<u>(4,762)</u>

The total pension deficit inherited from all schools converted during the year is £2,229,000. The actuaries have not provided a split by school.

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

25. Capital commitments

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

	2017 £	2016 £
Contracted for but not provided in these financial statements	342,846	422,000

26. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset Council and Wiltshire Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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26. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the period amounted to £461,521 (2016 - £392,193).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £489,000 (2016 - £416,000), of which employer's contributions totalled £392,000 (2016 - £336,000) and employees' contributions totalled £97,000 (2016 - £80,000). The agreed employer contribution rates for future years are 18.8% for Dorset and 24.2% for Wiltshire.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Expected return on scheme assets at 31 August	2.00 %	2.00 %
Rate of increase in salaries	2.70 %	3.40 %
Rate of increase for pensions in payment / inflation	2.40 %	2.20 %
Inflation assumption (CPI)	2.40 %	2.30 %

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

	2017	2016
Retiring today		
Males	22.5	22.7
Females	24.9	25.03
Retiring in 20 years		
Males	24.1	24.83
Females	26.7	27.43

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

26. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	3,111,000	1,787,680
Corporate bonds	1,061,000	-
Property	548,000	301,280
Other	117,000	503,040
Total market value of assets	<u>4,837,000</u>	<u>2,592,000</u>

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(670,000)	(424,000)
Interest cost	(64,000)	(55,000)
Total	<u>(734,000)</u>	<u>(479,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	5,018,000	2,603,000
Transferred in on existing academies joining the trust	3,587,000	631,000
Current service cost	670,000	424,000
Interest cost	64,000	130,000
Employee contributions	66,000	53,000
Actuarial losses	-	1,177,000
Closing defined benefit obligation	<u>9,405,000</u>	<u>5,018,000</u>

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

26. Pension commitments (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,421,000	1,440,000
Transferred in on existing academies joining the trust	1,358,000	336,000
Interest income	-	75,000
Actuarial gains	604,000	140,000
Employee contributions	66,000	53,000
Employer contributions	388,000	377,000
	<hr/>	<hr/>
Closing fair value of scheme assets	4,837,000	2,421,000
	<hr/>	<hr/>

27. Operating lease commitments

At 31 August 2017 the academy had annual commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Expiry date:		
Within 1 year	9,079	6,090
Between 2 and 5 years	9,984	10,207
	<hr/>	<hr/>
Total	19,063	16,297
	<hr/>	<hr/>

28. 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.

29. Related party transactions

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

During the period the Academy Trust was charged £169,609 (2016: £220,727) by Saled Ltd, a subsidiary company of the Salisbury Diocesan Board of Education, for the cost of staff and £15,412 (2016: £11,896) in respect of a range of other services including room hire, training and support. At the year end a balance of £12,919 (2016 £8,730) was due to Saled Ltd.