

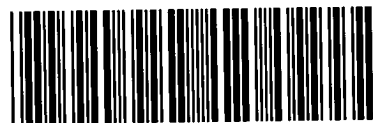
Company Registration No. 08134861 (England and Wales)

SALVATORIAN COLLEGE

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017



SALVATORIAN COLLEGE

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 15
Governance statement	16 - 21
Statement on regularity, propriety and compliance	22
Statement of trustees' responsibilities	23
Independent auditor's report on the accounts	24 - 26
Independent reporting accountant's report on regularity	27 - 28
Statement of financial activities including income and expenditure account	29 - 30
Balance sheet	31
Statement of cash flows	32
Notes to the accounts including accounting policies	33 - 54

SALVATORIAN COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Fr Alexander McAllister (Chair of Trustees (Governors))
(Resigned 31 August 2017)
Mr Paul Kassapian (Resigned 31 August 2017)
Mrs Lorraine Elliot (Resigned 24 April 2017)
Mr Brendan Morahan (Chair of the Resources Committee)
Mr Gary Prazer (Resigned 27 October 2016)
Ms Bridgette Lawal (Resigned 1 March 2017)
Mrs Margaret Mary Reynolds
Mrs Theresa Mary O'Sullivan
Fr Richard Mway Zeng (Resigned 25 April 2017)
Mr Kevin Daly
Mrs Bernadette O'Reilly
Mrs Margaret Newton
Mrs Debbie Carroll
Mr John McAleer (Chair of Directors)
Ms Monica Clifford (Resigned 19 December 2016)
Ms Justyna Fajfer-Wieczorek (Appointed 24 April 2017 and
resigned 4 September 2017)
Mr Martin Tissot (Accounting Officer, ex-officio trustee)
(Appointed 1 September 2017)
Mr Alan Bryant (Ex-officio trustee) (Appointed 1 September
2017)
Father Paul Harris (Appointed 1 September 2017)
Ms Florence Karanja (Appointed 1 September 2017)
Mr Michael Veal (Appointed 1 September 2017)
Mr Ronald Yep (Appointed 1 September 2017)

Members

Fr Alex McAllister (Resigned 31 August 2017)
Fr Richard Mway Zeng
Fr Paul Harris (Resigned 25 April 2017)
Mr Gary Prazer (Resigned 26 October 2016)
Mr John McAleer (Chair of Directors) (Appointed 19 September
2016)
Fr Frank Waters (Appointed 25 April 2017)
Fr Henry Nevin (Appointed 25 April 2017)

Senior management team

- Headteacher	Mr P Kassapian (resigned 31 August 2017)
- Executive Headteacher	Mr M Tissot (appointed 01 September 2017)
- Head of School	Mr A Bryant (appointed 01 September 2017)
- Deputy Headteacher	Ms A Thomas (appointed 01 September 2017)
- Deputy Headteacher	Mr A Coker
- Assistant Headteacher	Mr D Cooper
- Assistant Headteacher	Mrs K Wilkinson (resigned 31 August 2017)

SALVATORIAN COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

- Assistant Headteacher Mr M McLaughlin (resigned 31 August 2017)

Company registration number 08134861 (England and Wales)

Principal address High Road
Harrow Weald
Middlesex
HA3 5DY

Registered office High Road
Harrow Weald
Middlesex
HA3 5DY

Independent auditor UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

Bankers Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Solicitors Stone King LLP
Boundary House
91 Charterhouse Street
Clerkenwell
London
EC1M 6HR

SALVATORIAN COLLEGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and 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 published on 16 July 2014 (FRS 102).

The trust operates Salvatorian College, a secondary academy in Harrow, Greater London. The academy has a pupil capacity of 687 and had a roll of 427 in the school census on 4 October 2017.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The Academy Trust was incorporated on 9 July 2012, in the name of Salvatorian College, and commenced as an academy on 1 August 2012. The Academy has entered into a funding agreement with the Department for Education which provides the framework within which the Academy must operate.

The Trustees of Salvatorian College are also the directors of the charitable company for the purposes of company law. The charitable company is known as Salvatorian College.

Details of the Trustees who served throughout 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

In accordance with the Articles of Association, subject to the provisions of the Companies Act 2006 and Article 6.3 every Trustee or other officer or auditor of the Company and every member of any Local Governing Body and/or Advisory Body (in so far as necessary) shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Method of recruitment and appointment or election of Trustees

The initial Members of the Academy Trust shall be the subscribers to the Memorandum of Association, who are the people described below in (2)-(5).

The subsequent Members of the Academy Trust shall comprise

1. 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
2. the chairman of the Governors;
3. The Provincial Superior of the Society of the Divine Saviour;
4. 2 representatives appointed by the Provincial Superior of the Society of the Divine Saviour; and
5. any person appointed under Article 16 of the Articles of Association

When required, new trustees are recruited through the following ways:

- Foundation Governor – appointed by the Society of the Divine Saviour
- Parent and Staff Governor – through nomination and election process held by the school
- Co-opted and Associate Governor – nominated and elected by the Governors

The Secretary of State for Education may appoint Trustees in certain circumstances; no such appointments were made in the year under review.

The term of office for any trustee shall be 4 years, save that this time limit shall not apply to either the headteacher or the staff trustee. Subject to remaining eligible to be a particular type of trustee, any Trustee may be re-appointed or re-elected.

A trustee shall cease to hold office if he resigns his office by notice to the Academy (but only if at least 3 Trustees will remain in office when the notice of resignation is to take effect).

A Trustee shall cease to hold office if he is removed by the person or persons who appointed him. The Article does not apply in respect of a Parent trustee.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and training of Trustees

Trustees are provided with copies of all essential documentation needed to undertake their role, including the memorandum and articles of association, Academies Financial Handbook and Salvatorian College's Funding Agreement.

Trustees are given information on:

- the structure of the academy and the relationship with the board of Trustees
- a statement of values and expectations
- key elements of effective governance and the link to the Ofsted Handbook
- the committee structure of the board of trustees
- a brief description of the role of the chair and the role of the clerk/company secretary
- terms of reference for committees

An annual skills audit informs training needs of trustees. The board is provided with training through Stone King LLP, and through courses run by the Diocese of Westminster Education Service. In-house training is organised as and when required. Trustees are informed of external training opportunities.

New Trustees are mentored by existing Trustees.

Organisational structure

The Board of Trustees of Salvatorian College is constituted under the memorandum and articles of association. The Board of Trustees is responsible for ensuring high standards of corporate governance are maintained.

The Trustees through the Governing Body are responsible for the strategic direction of the Academy Trust, setting policy and agreeing the annual budget. Trustees are also responsible for monitoring the work of the Academy and ensuring the objectives of the Academy are achieved.

In addition to the full Board of Trustees meetings, Salvatorian College has a committee structure: the main committees are: Resources & HR; School Improvement; and Pupil Welfare, Ethos and Admissions.

Decisions on the day-to-day operation of the school are made by the Executive Headteacher, who reports to the Trustees via the Governing Body. The Executive Headteacher and Head of School are required to provide strategic leadership and management of the Academy; they are assisted by two Deputy Headteachers, and one Assistant Headteacher. These staff members comprise the Senior Leadership Team.

The Chair of the Board meets regularly with the Executive Headteacher and Head of School and all Governors visit Salvatorian College to make first hand observations of the work of the Academy. Reports of these visits are shared with all Trustees.

The Executive Headteacher is the 'Accounting Officer' of Salvatorian College.
The Business Manager is the 'Chief Financial Officer' of Salvatorian College.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting pay of all staff, including key management personnel is set out in the Academy Trust's Pay Policy document and the Governors Expenses and Allowances Policy.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Related parties and other connected charities and organisations

The Academy Trust operates on land owned by the Society of the Divine Saviour. Use of the land for the purposes of education is set out in the Supplemental Agreement dated 1 August 2012 between the Secretary of State for Education, the Trustees of the Society of the Divine Saviour, and the Salvatorian College Academy Trust.

In May 2017, the Trustees of Salvatorian College entered into a Memorandum of Understanding effective for a period of two years from 1 September 2017 with the Cardinal Hume Academies Trust. The Memorandum of Understanding sets out the commitment of the Cardinal Hume Academies Trust to offer leadership and staffing support to Salvatorian College. In practice this has meant the appointment of Mr Martin Tissot as Executive Headteacher, following the resignation of Mr Paul Kassapian on 31/08/2017. For the purposes of the approval of this report, Mr Martin Tissot is the Accounting Officer, though he was not in post during the period which is the subject of this report.

Objectives and activities

Objects and aims

The Academy's objects are set out in the governing document, and are specifically limited to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a Catholic school designated as such ("the Academy") which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic canon law applying thereto including any trust deed governing the use of land used by the Academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice and following directives issued by the Society of the Divine Saviour.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

The main objectives of Salvatorian College, and those towards which activities were directed during the year ended 31st August 2017 are summarised below:

Catholic life and ethos:

- Implement the recommendations from the November 2014 Section 48 report

Developing outstanding leadership and management

- To ensure the school meets the terms and conditions of the FNTI
- To market the school effectively to potential Year 7 students and to develop collaborative links with primary schools
- Develop Senior and Middle Leaders supporting them and challenging in partnership with the School's Governing Body
- To develop and support the curriculum including the newly developed Curriculum maps and assessment changes
- To negotiate the challenges / risks and maximise the opportunities of the new build

Rapid improvement

- Developing evidence driven practice
- Marking and assessment powered learning
- Supporting and empowering stakeholders in teaching and learning.
- Personalisation and quality first teaching
- Embed assessment within the new curriculum model to maximise pupil progress.

Developing outstanding personal development, behaviour and welfare

- To restructure the pastoral team/system focussing on pre-emptive pastoral systems and to develop pastoral leadership
- To refine the school behaviour policy, on-call system and inclusion systems to support the school prior to and through the new build
- Continue to improve two-way communication with stakeholders
- Support the current and future wellbeing and safeguarding of students and staff.

Rapid improvement in outcomes for learners

- Develop strategies for intervention with specific focusses for specific groups
- Ensure students make appropriate progress in line with demands of Progress 8 and changes in assessment at KS3-4
- Ensure productive communication of pupil progress with parents

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Public benefit

In setting the objectives and aims of the Academy Trust, the Governing Board have given due consideration to the Charity Commission's general guidance on public benefit as well as to the supplementary public benefit guidance on advancing education.

Specifically, the Academy Trust has undertaken the following activities for the public benefit:

- Salvatorian College has provided education to all registered students;
- Salvatorian College has opened its facilities for community use;
- Salvatorian College has worked in partnership with local primary schools to provide enhanced curriculum and support for teaching and learning.

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

Strategic report

Key performance indicators

Examination Results

	2017	2016
Attainment 8	47.99	56.23
Progress 8	-.05	+.14
English Progress	+.13	+.39
Maths Progress	-.20	+.02
Ebacc P8	-.28	-.04
Open element P8	+.22	+.24

In terms of cohort size, there were 128 students on-roll in Year 11. The school's attainment of 47.99 is higher than the national average of 44.24. Students who achieved a grade 5 in English and maths equalled 47% which is higher than the national average of 39%.

The school's Progress 8 (P8) score is -.05 which represents a decrease from the +.14 achieved in 2016. It is also slightly worse than the national average but significantly better than the national average for boys.

The percentage of students achieving the Ebacc decreased from 42% to 29% although this is higher than the 2016 National average of 22.9%. The progress of students in Ebacc subjects was not expected. However, the progress of students in the 'Open' element of P8 was significantly good.

When referencing vulnerable groupings, the attainment of 'Disadvantaged students' was disappointing as reflected by the negative progress scores. This is the third consecutive year where progress has been below national expectations. The progress of those students which had EHC plans was also disappointing although the cohort size is very small. The progress of students who had English as an additional language was good in each of the main areas.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Disadvantaged 26 students 24 students in P8 score	SEN 4 ECH	EAL 36 students 32 students with KS2 results
P8 -.51 English P8 -.45 Maths P8 -.54 Ebac -.86 Open element -.17	P8 -.85 English progress -.25 Maths progress -2.14 Ebac -1.11 Open element -.14	P8 .32 English progress .01 Maths progress .65 Ebac .39 Open element .23

With regards to pupil ability ranges, the progress of the 56 'middle range' students (as defined by student KS2 results) was generally good with a P8 +.14 being achieved. This contrasts with the negative P8 of the more able (54 students) and the less able (7 students).

	2017	2016
HIGH – 54 students Progress 8	-.24	+.01
MIDDLE – 56 students Progress 8	+.14	+.26
LOWER – 7 students Progress 8	-.16	+.28

When evaluating subject performance students progressed better than national expectations in English Language, English Literature, Business Studies, and Statistics. Subjects that did not perform as expected included Art, Computer Science, History, Core and Additional Science, and Triple Science.

In terms of destinations of year 11 students, approximately 52% of the year group have enrolled with our local Catholic Sixth Form, St Dominic's in Harrow, with the remaining students either in alternative sixth form (Stanmore, West Herts), training or apprenticeship.

Ofsted

Salvatorian College was inspected on 25 January 2017 and the report of this inspection was published on 27 February 2017 which judged the effectiveness of school to be 'Good' in all categories. This represents progress on the previous Ofsted report published on 12 January 2015 which judged the overall effectiveness of the school to be 'Requires Improvement'.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees regularly review Salvatorian College's actual income and expenditure against the authorised budget. Changes to the budget to reflect new information with regard to income or expenditure are approved in line with the authorisation limits established in Salvatorian College's Financial Regulations.

Ratio analysis and benchmarking (using the Education and Skills Funding Agency Benchmarking Tool) is performed annually to ensure that the Academy is applying its resources efficiently and effectively to achieve the best possible educational outcomes.

a. Unrestricted income (excludes income from grants & delegated funding) as a percentage of total income: 3% (2016: 3.3%)

b. Staff costs as a percentage of total costs: 44.4% (2016: 77.3%)

Investing in quality staff has been fundamental in recruiting and retaining the right staff to raise pupil performance and improve teaching & learning standards.

c. Salary Expenditure 2016-17: £2,710,706 (2016: £3,223,855)
Total Income Grants: £3,567,565 (2016: £3,794,984)

Staff costs as a percentage of grant income: 76% (2016: 85%)

d. Net incoming/(outgoing) resources (before transfers and pension adjustments): (£2,061,358) (2016: (£210,333))

e. Current Ratio (current assets/current liabilities) 3.04:1 (2016: 0.92:1)

f. Liquidity: £330,735 cash at bank and in hand (2016: £453,712)

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the next 12 months. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The majority of Salvatorian College's income is derived from the Education and Skills Funding Agency (ESFA), an agent of the Department for Education (DfE), in the form of recurrent grants, the use of which is limited to specific purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2017, the Academy Trust had income of £3,676,861 (2016: £3,934,300) versus expenditure of £5,836,219 (2016: £4,169,333). Throughout the year ended 31 August 2017 the Academy Trust ran a cash budget surplus. In March 2017, the Academy Trust repaid an advance of £200,000 which had been made as an advance in the previous financial year in order to make staff redundancies. Despite having repaid this advance, and thanks to additional savings, the Academy Trust ended the year with a carry forward fund surplus of £2,743,465.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The reserves of the Academy Trust at 31 August 2017 were £2,743,465 (2016: £4,132,823).

The fixed assets of the Trust decreased to £3,684,880 (2016: £6,081,715) in 2016-17 due in principal to the demolition of part of the school estate under the Priority Schools Building Programme. Under the programme, the new school building when completed (2020) is transferred as an asset in its entirety to the Academy Trust. This temporary fall in fixed assets, which appears as an expenditure under Depreciation and Amortisation, is not considered by the Trustees to have a material impact on the operation of the Academy Trust.

Free reserves represent restricted and unrestricted general reserves and these total £289,585. The Trustees have agreed that there should be an appropriate level reserves that represents the amounts deemed necessary to deal with unexpected emergencies. The Trustees agreed that these reserves should be unrestricted general reserves less designated funds. At the balance sheet date, this amount was £37,311.

The Trust maintains designated income fund designated as the 'Deo Duce' fund. This fund is designated as the Governors, not the executive, must give approval for any expenditure.

The defined benefit pension scheme liability has reduced in the year to 31 August 2017, due mainly to a revaluation of the Local Government Pension Scheme.

The level of funds available for the general purpose of the Trust at 31 August 2017 was £289,585 (2016: deficit £45,892), represented by £220,122 of restricted income funds (2016: deficit £45,892) and unrestricted income funds of £69,463 (2016: Nil).

Investment policy and powers

The Trustees' investment powers are set down in the Academy Trust's Memorandum and Articles of Association. These permit the investment of monies of the Academy Trust that are not immediately required. The Trust pursues a policy to keep all investments surplus to funds required in short term cash deposits.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Principal risks and uncertainties

The Academy Trust has a formal risk management process in place to identify and assess all risks associated with the organisation; this enables the instigation of risk mitigation strategies. A Risk Register is in place which is subject to regular review and made available to all staff. Key members of staff and Trustees are involved in the preparation of the Risk Register, overseen by the Resources & HR Committee. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk. The Risk Register identifies the types of risk the Academy Trust might encounter and rates the risks in terms of likelihood and impact. This ensures that the most significant risks are highlighted, appropriate strategies to be implemented and the allocation of resources.

As the majority of the Academy Trust's funding is derived from the ESFA, via the Department for Education, the Trustees consider this element of funding to be reasonably secure. The most significant risks relating to this income result from changing government policy on school funding, the effect of increasing contribution rates for stakeholder pensions and NI rebate deletion, and the effect of changing pupil numbers. The Trustees have laid out their strategies for dealing with these risks within the Academy Trust's risk register.

The education sector is one in which there is constant change and therefore there is continual need to identify and address risks and uncertainty. The responsibility to identify and react to risk rests with the Trustees and Senior Leadership Team.

The Trust has adopted a policy whereby risks are monitored on a likelihood and impact basis. As such, the key risks facing the Trust are detailed below:

Reserve balances

The Academy Trust's funds are currently in surplus. For reasons outlined elsewhere in this report, the Trustees expect reserve balances accumulated in 2016-17 to be partly used up in financial year 2017-18 owing to expenditure being higher than income.

Financial Notice to Improve

The Academy Trust was issued with a Financial Notice to Improve (FNtI) in January 2016. The FNtI remains a reputational risk and contributes to the difficulty in recruiting pupils to Year 7. The conditions of this notice have been met, including the repayment of a £200,000 advance from the ESFA. The Trust board are therefore expecting that the notice will be lifted imminently.

Other risks

The Academy Trust's risk register also considers the operational and reputational risks involved in the running of the school within the risk register. Whilst it has been identified that the likely occurrence of these risks is low, it is also accepted that the impact if they were to occur is potentially high, therefore the trustees seek professional advice whenever necessary to mitigate these risks.

Decant and Rebuild

The school is being rebuilt under the Priority Schools Building Programme. To enable this, Year 7, 8 and 9 have been temporarily relocated from Easter 2017 to Easter 2019. They have been moved to a disused primary school building two miles from the main site. This arrangement has presented challenges in terms of maintaining safe staffing levels across both sites and providing a broad curriculum which minimises the need for staff travel during the day. The challenges mean that the school must effectively operate two independently staffed sites, with duplicate site staff, catering, senior leaders, support and administrative staff. The financial and logistical burdens imposed by this situation introduce add risks to the operation of the Academy Trust. The Trustees through the Governing Board receive regular updates from the executive regarding mitigating measures to minimise these risks.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Pupil numbers

The school continues to experience difficulty in recruiting pupils into Year 7. This difficulty results from the decant of Years 7, 8 and 9 to a disused primary school two miles from the main site in order to facilitate the rebuild of the school under the Priority Schools Building Programme (PSBP). This deters parents who do not wish their sons to be educated in temporary facilities, or next to a building site. Low preliminary expressions of interest for the intake in September 2018 suggest that this issue is still a major factor in parental choice despite a turn-around in the school's prospects with a 'Good' Ofsted and the new partnership with the Cardinal Hume Academies Trust.

The majority of funding for the Academy Trust comes from the ESFA and is based on pupil numbers. Any sustained decline in numbers has a negative impact on funding in future years. It is the view of the Trustees that, despite a 'Good' Ofsted result, and the new partnership with the Cardinal Hume Academies Trust, these pressures on recruitment, and consequently core grant funding through the normal ESFA methods of calculation, will remain until the rebuild is complete (2020), and exam results show sustained improvement.

The Trustees continue to work closely with the leadership from the Cardinal Hume Academies Trust to drive improvement in exam results, progress and attainment. The Trustees continue to monitor closely the progress of the PSBP rebuild.

Credit Risk

The Trustees consider the Trust to have a low level of credit risk exposure. The Trust has a low level of debtor balances and transactions. The Finance Department regularly monitors any debtor balances that arise.

Cash flow and liquidity

The declining trend in pupil numbers, and the impossibility of cutting staff beyond a certain level whilst continuing to offer a broad curriculum and pupil safety across two sites, means the school will likely enter budget deficit in financial year 2018-19. The budget surplus accumulated in financial year 2016-17 means that the Trust still forecasts to finish financial year 2017-18 with a carry forward surplus.

The Trustees do not expect cash flow issues to lead us to have recourse to the ESFA in financial year 2017-18.

Cash flow issues are most likely to arise in financial year 2018-19 as spending cannot be reduced further and income drops significantly based on the lagged per-pupil funding model employed by the ESFA. The ESFA has provided assurances that they will support the Trust through a period of budget deficit. The Trustees are seeking additional grant funding from ESFA for financial year 2018-19.

Prospects for joining a Multi Academy Trust

The Trustees acknowledge the Government's request for single academy trusts to consider joining Multi Academy Trusts (MATs). Consideration of joining a MAT was also one of the terms of the FNtI issued in January 2016. Following consideration of various options for joining a MAT, the Academy Trust has entered into a two year working partnership with the Cardinal Hume Academies Trust (CHAT). This provides access to the benefits of a MAT including access to expertise and resources which would normally be unavailable to a single academy trust. It is hoped that the two year partnership may lead to the opportunity to join the CHAT, which shares the Catholic ethos of Salvatorian College.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Equal Opportunities and Disabled persons policies (Equalities Policy)

The Academy Trust's policy on equal opportunities outlines the commitment of the staff and Governors of Salvatorian College to ensure that equality of opportunity is available to all members of the Trust community. For our Trust this means, not simply treating everybody the same but, understanding and tackling the different barriers which could lead to unequal outcomes for different groups of students in the School. It also means celebrating and valuing the equal opportunity achievements and strengths of all members of the School community. These include: -

- Students
- Teaching staff
- Support staff
- Parents/carers
- Community governors
- Multi-agency staff linked to the Trust
- Visitors to the Trust and academies
- Students on placement

The Trustees believe that equality at the Trust should permeate all aspects of Trust life and is the responsibility of every member of the Trust and wider community. Every member of the Trust community should feel safe, secure, valued and of equal worth.

At Salvatorian College, equality is a key principle for treating all people the same irrespective of their gender, ethnicity, disability, religious beliefs, sexual orientations, age or any other recognised area of discrimination.

Salvatorian College is an Equal Opportunities Employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet minimum selection criteria. Salvatorian College provides training and development for all its employees, including people with disabilities, tailored where appropriate, to ensure they have the opportunity to achieve their potential. If a Salvatorian College employee becomes disabled while in our employment, Salvatorian College will do its best to retain them, including consulting them about their requirements, making reasonable and appropriate adjustments, and providing alternative suitable provisions.

Employee Information Policy

Salvatorian College includes the Headteacher as ex-officio Governor. This ensures that:

- employees views are taken into account on decisions affecting their interests; and
- there is a common awareness on the part of all employees of all factors that affect the academy trust's performance

Salvatorian College also undertakes discussions with employees and their unions when making decisions that affect employee interests to ensure that employees' views are reflected in decisions made and their interests are protected.

SALVATORIAN COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

1. To ensure Salvatorian College is an oversubscribed, Ofsted 'Outstanding' school in the future, we will:
 - a. rapidly improve progress and attainment with support from the Cardinal Hume Academies Trust
 - b. embed the processes and procedures of the Cardinal Hume Academies Trust, recognised to be 'Outstanding' at other Trust schools
 - c. explore routes by which Salvatorian College could be assumed fully into the Cardinal Hume Academies Trust.
 - d. monitor the progress of the Priority School Building Project and ensure facilities are fit for purpose.
 - e. further develop relationships with local Catholic feeder primary schools to ensure school improvements are effectively communicated to parents.
2. To ensure financial security for Salvatorian College in the short to medium term, we will:
 - a. apply to the ESFA to ensure a facility is approved for financial year 2018-19.
 - b. continue in dialogue with the Diocese of Westminster to ensure their commitment to the future of the school is realised.

Funds held as custodian trustee on behalf of others

Neither the Academy Trust nor any of its Trustees act as a custodian trustee.

Auditor

In so far as the Trustees are aware:

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

Approved by order of the members of the governing body on.....22/12/2017..... and signed on its behalf by:



Mr John McAleer
Chair of Directors

SALVATORIAN COLLEGE

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Salvatorian College 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.

SALVATORIAN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 7 times during the year; 6 monitoring meetings and 1 extraordinary meeting to approve the budget for financial year 2016-17. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Fr Alexander McAllister (Chair of Trustees (Governors)) (Resigned 31 August 2017)	7	7
Mr Paul Kassapian (Resigned 31 August 2017)	7	7
Mrs Lorraine Elliot (Resigned 24 April 2017)	5	5
Mr Brendan Morahan (Chair of the Resources Committee)	7	7
Mr Gary Prazer (Resigned 27 October 2016)	0	0
Ms Bridgette Lawal (Resigned 1 March 2017)	0	0
Mrs Margaret Mary Reynolds	7	7
Mrs Theresa Mary O'Sullivan	1	7
Fr Richard Mway Zeng (Resigned 25 April 2017)	3	4
Mr Kevin Daly	1	7
Mrs Bernadette O'Reilly	7	7
Mrs Margaret Newton	5	7
Mrs Debbie Carroll	4	7
Mr John McAleer (Chair of Directors)	6	7
Ms Monica Clifford (Resigned 19 December 2016)	2	3
Ms Justyna Fajfer-Wieczorek (Appointed 24 April 2017 and resigned 4 September 2017)	2	2
Mr Martin Tissot (Accounting Officer, ex-officio trustee) (Appointed 1 September 2017)	0	0
Mr Alan Bryant (Ex-officio trustee) (Appointed 1 September 2017)	0	0
Father Paul Harris (Appointed 1 September 2017)	0	0
Ms Florence Karanja (Appointed 1 September 2017)	0	0
Mr Michael Veal (Appointed 1 September 2017)	0	0
Mr Ronald Yep (Appointed 1 September 2017)	0	0

SALVATORIAN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Resources & HR Committee

The Resources & HR Committee is a sub-committee of the main governing body. The purpose of the Resources & HR Committee is to share the workload of the Accounting Officer in managing and monitoring the organisation's finances and premises matters. The Resources & HR Committee has formally met 3 times during the year. The Resources & HR Committee also assumes the responsibilities of the Audit Committee and exists to oversee the year-end audit process.

The Resources & HR Committee provides an opportunity for detailed discussion and consideration of financial and property matters, with regular reporting to the full board of trustees. It is given delegated authority for most financial decision-making, but the full board of trustees as a whole remains accountable and must still remain actively engaged in financial and premises matters.

Benefits of the Resources & HR committee include:

- Helping to prevent fraud by ensuring that all tasks associated with the finance function are not performed by one person without supervision from others (segregation of duties).
- Allowing the Full Governing Body meetings to focus on a wider range of issues, as detailed financial and property discussions can take place within the sub-committee.
- Enabling more democratic control of the organisation's finances and estate.
- Spreading the burden of financial and premises management, thereby also potentially improving its quality.
- Helping train new committee members in financial and premises related matters.

Matters discussed during the year to 31 August 2017 include:

- Full review of finance and estates policies
- Agreement of financial regulations and scheme of delegation
- Regular review of the current financial position
- Review of long term (3-5 years) financial position, including meetings with and submissions to the ESFA
- Assurance work on health and safety matters relating to the estate
- Continuation of the audit committee to meet statutory needs
- Consideration of the Priority School Building Project under which the school's estate is to be rebuilt
- Meeting the terms and conditions of the Financial Notice to Improve
- Agreeing and submitting a business plan setting out the case for additional funding from the ESFA

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Fr Alexander McAllister (Chair of Trustees (Governors)) (Resigned 31 August 2017)	1	3
Mr Paul Kassapian (Resigned 31 August 2017)	2	3
Mr Brendan Morahan (Chair of the Resources Committee)	3	3

SALVATORIAN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Mrs Margaret Mary Reynolds	3	3
Mr Kevin Daly	1	3
Mrs Margaret Newton	0	1
Mr John McAleer (Chair of Directors)	3	3

Audit Committee

The Resources & HR Committee also fulfils the remit of the Audit Committee. Its purpose is to:

- Recommend the appointment of the auditors
- Act as the investigating body in the event of any accusation of fraud
- Oversee the year end process
- Receive the response from the appointed Auditors
- Recommend adjustments to the practice of the finance function based on the auditors findings
- Receive and recommend the adoption or rejection of the Annual Accounts to the Board of Trustees

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Fr Alexander McAllister (Chair of Trustees (Governors)) (Resigned 31 August 2017)	1	3
Mr Paul Kassapian (Resigned 31 August 2017)	2	3
Mr Brendan Morahan (Chair of the Resources Committee)	3	3
Mrs Margaret Mary Reynolds	3	3
Mr Kevin Daly	1	3
Mrs Margaret Newton	0	1
Mr John McAleer (Chair of Directors)	3	3

Review of value for money

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

SALVATORIAN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

- negotiating additional funding from the Education & Skills Funding Agency with regards to extraordinary costs incurred from the decant to Priestmead School necessitated by the Priority Schools Building Project rebuild.
- continuing to argue for additional support with regards to costs, and loss of revenue, which are the result of the Priority Schools Building Project
- reviewing all recurring contracts to make savings of over £30,000 per annum.
- negotiating high quality strategic leadership at reduced cost through a partnership with the Cardinal Hume Academies Trust

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Salvatorian College for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

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 period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance Committee 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.

SALVATORIAN COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The board of trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor for the year ended 31 August 2017. However, the Trustees have appointed a responsible officer. The responsible officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. From March 2017, external scrutiny of Salvatorian College's risk and control framework has also been provided by a chartered accountant from the Cardinal Hume Academies Trust.

In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of control / bank reconciliations

On an annual basis, the internal audit reports to the board of trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Recommendations raised to date have been addressed and action plans put in place where appropriate.

Review of effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 22/12/2017 and signed on its behalf by:



Mr John McAleer
Chair of Directors



Mr Martin Tissot
Accounting Officer, ex-officio trustee

SALVATORIAN COLLEGE

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Salvatorian College Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust 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.

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 the ESFA.



Mr Martin Tissot
Accounting Officer

22/12/2017
.....

SALVATORIAN COLLEGE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who act as Governors of Salvatorian College 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 Requirements 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 year. In preparing these financial statements, the Trustees are required to:

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

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

The trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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.

22/12/2017

Approved by order of the members of the governing body on..... and signed on its behalf by:



Mr John McAleer
Chair of Directors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALVATORIAN COLLEGE

Opinion

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

In our opinion the accounts:

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

Basis for opinion

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

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 accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALVATORIAN COLLEGE (CONTINUED)

Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated 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 the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALVATORIAN COLLEGE (CONTINUED)

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

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



Gregory Chong (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

22/12/2017

Chartered Accountants
Statutory Auditor

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO SALVATORIAN COLLEGE AND THE EDUCATION AND SKILLS
FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 21 May 2013 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 Salvatorian College during the period 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 Salvatorian College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Salvatorian College and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Salvatorian College and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Salvatorian College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Salvatorian College's funding agreement with the Secretary of State for Education dated 1 August 2012 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 period 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 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 trust's income and expenditure.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO SALVATORIAN COLLEGE AND THE EDUCATION AND SKILLS
FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement;
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

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 period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Gregory Chong
Reporting Accountant
UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

Dated: 22/12/2017

SALVATORIAN COLLEGE

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

		Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
	Notes					
Income and endowments from:						
Donations and capital grants	2	32,432	-	24,471	56,903	41,392
Charitable activities:						
- Funding for educational operations	3	-	3,543,094	-	3,543,094	3,785,832
Other trading activities	4	76,551	-	-	76,551	106,743
Investments	5	313	-	-	313	333
Total income and endowments		<u>109,296</u>	<u>3,543,094</u>	<u>24,471</u>	<u>3,676,861</u>	<u>3,934,300</u>
Expenditure on:						
Raising funds	6	39,833	-	-	39,833	35,720
Charitable activities:						
- Educational operations	7	-	3,364,669	2,431,717	5,796,386	4,133,613
Total expenditure	6	<u>39,833</u>	<u>3,364,669</u>	<u>2,431,717</u>	<u>5,836,219</u>	<u>4,169,333</u>
Net income/(expenditure)		69,463	178,425	(2,407,246)	(2,159,358)	(235,033)
Transfers between funds		-	(10,411)	10,411	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	770,000	-	770,000	(601,000)
Net movement in funds		69,463	938,014	(2,396,835)	(1,389,358)	(836,033)
Reconciliation of funds						
Total funds brought forward		-	(1,948,892)	6,081,715	4,132,823	4,968,856
Total funds carried forward		<u>69,463</u>	<u>(1,010,878)</u>	<u>3,684,880</u>	<u>2,743,465</u>	<u>4,132,823</u>

SALVATORIAN COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Income and endowments from:					
Donations and capital grants	2	22,825	3,750	14,817	41,392
Charitable activities:					
- Funding for educational operations	3	-	3,785,832	-	3,785,832
Other trading activities	4	106,743	-	-	106,743
Investments	5	333	-	-	333
Total income and endowments		<u>129,901</u>	<u>3,789,582</u>	<u>14,817</u>	<u>3,934,300</u>
Expenditure on:					
Raising funds	6	35,720	-	-	35,720
Charitable activities:					
- Educational operations	7	-	3,886,186	247,427	4,133,613
Total expenditure	6	<u>35,720</u>	<u>3,886,186</u>	<u>247,427</u>	<u>4,169,333</u>
Net income/(expenditure)		94,181	(96,604)	(232,610)	(235,033)
Transfers between funds		(80,834)	51,995	28,839	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(601,000)	-	(601,000)
Net movement in funds		<u>13,347</u>	<u>(645,609)</u>	<u>(203,771)</u>	<u>(836,033)</u>
Reconciliation of funds					
Total funds brought forward		(13,347)	(1,303,283)	6,285,486	4,968,856
Total funds carried forward		<u>-</u>	<u>(1,948,892)</u>	<u>6,081,715</u>	<u>4,132,823</u>

SALVATORIAN COLLEGE

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		3,684,880		6,081,715
Current assets					
Debtors	13	100,406		79,440	
Cash at bank and in hand		330,735		453,712	
		<u>431,141</u>		<u>533,152</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(141,556)		(579,044)	
Net current liabilities			289,585		(45,892)
Net assets excluding pension liability			3,974,465		6,035,823
Defined benefit pension liability	18		(1,231,000)		(1,903,000)
Net assets			<u>2,743,465</u>		<u>4,132,823</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			3,684,880		6,081,715
- Restricted income funds			220,122		(45,892)
- Pension reserve			(1,231,000)		(1,903,000)
Total restricted funds			2,674,002		4,132,823
Unrestricted income funds	16		69,463		-
Total funds			<u>2,743,465</u>		<u>4,132,823</u>

The accounts set out on pages 29 to 54 were approved by the board of trustees and authorised for issue on 22/12/2017 and are signed on its behalf by:

John McAleer.

Mr John McAleer
Chair of Directors

Company Number 08134861

SALVATORIAN COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		87,121		393,507
Cash flows from investing activities					
Dividends, interest and rents from investments		313		333	
Capital grants from DfE and EFA		24,471		14,817	
Payments to acquire tangible fixed assets		(34,882)		(43,656)	
			(10,098)		(28,506)
Cash flows from financing activities					
Repayment of other loan		(200,000)		65,000	
			(200,000)		65,000
Change in cash and cash equivalents in the reporting period			(122,977)		430,001
Cash and cash equivalents at 1 September 2016			453,712		23,711
Cash and cash equivalents at 31 August 2017			330,735		453,712

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Salvatorian College is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

The accounts 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.

Salvatorian College meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate basis for the preparation of these accounts. In making this assessment, the Trustees give due regard to whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the accounts.

During the year ended 31 August 2017 Salvatorian College had net expenditure for the year of £2,159,358 (2016: £235,033). Included in the expenditure is a charge of £2,393,610 relating to the disposal of tangible fixed assets. This relates to the demolition of part of the school's built estate to facilitate the Priority Schools Building Programme rebuild. When this charge is removed, net income for the year is £234,252. At 31 August 2017, the school had net current assets of £289,585 (2016: £45,892 net liability) and net assets of £2,743,465 (2016: £4,123,823).

The Trustees have no reason to doubt that the ESFA, as set out by the Funding Agreement with the Secretary of State for Education, will continue to fund the activities of Salvatorian College. The Trustees have been assured that the ESFA would support the Academy Trust, should the requirement arise, by providing repayable grant funding to cover any period of deficit. The Trustees therefore neither intend, nor believe it will be necessary to liquidate or curtail materially the scale of the Trust's operations within the next 12 months, or in the foreseeable future. For this reason the Trustees continue to adopt the going concern basis in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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

Land and buildings	30 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor vehicles	

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.

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.9 Taxation

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

1.10 Pensions benefits

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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future 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 18, 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 are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities 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.

1.11 Fund accounting

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

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

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

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.12 Financial instruments

The Academy Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Financial assets

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.14 Financial liabilities

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities.

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	24,471	24,471	14,817
Other donations	32,432	-	32,432	26,575
	<u>32,432</u>	<u>24,471</u>	<u>56,903</u>	<u>41,392</u>

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,247,372	3,247,372	3,556,707
Other DfE / ESFA grants	-	133,267	133,267	128,551
	-	3,380,639	3,380,639	3,685,258
Other government grants				
Local authority grants	-	145,100	145,100	94,909
Special educational projects	-	17,355	17,355	-
	-	162,455	162,455	94,909
Other funds				
Other incoming resources	-	-	-	5,665
Total funding	-	3,543,094	3,543,094	3,785,832

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	9,780	-	9,780	5,280
Catering income	-	-	-	9
Trips	50,347	-	50,347	53,272
Other income	16,424	-	16,424	48,182
	76,551	-	76,551	106,743

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	313	-	313	333

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

	Staff costs & £	Premises equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	39,833	39,833	35,720
Academy's educational operations					
- Direct costs	2,150,930	-	305,029	2,455,959	2,959,481
- Allocated support costs	559,776	2,536,913	243,738	3,340,427	1,174,132
	<u>2,710,706</u>	<u>2,536,913</u>	<u>588,600</u>	<u>5,836,219</u>	<u>4,169,333</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	8,500	8,500
- Other services	8,025	8,025
Depreciation of tangible fixed assets	38,107	247,427
Loss on disposal of fixed assets	2,393,610	-
Net interest on defined benefit pension liability	38,000	47,000
	<u>2,486,242</u>	<u>310,952</u>

7 Charitable activities

	2017 £	2016 £
All from restricted funds:		
Direct costs - educational operations	2,455,959	2,959,481
Support costs - educational operations	3,340,427	1,174,132
	<u>5,796,386</u>	<u>4,133,613</u>

	2017 £	2016 £
Analysis of support costs		
Support staff costs	559,776	544,763
Depreciation and amortisation	2,431,717	247,427
Technology costs	29,688	45,989
Premises costs	84,586	75,556
Other support costs	214,205	229,592
Governance costs	20,455	30,805
	<u>3,340,427</u>	<u>1,174,132</u>

SALVATORIAN COLLEGE**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 AUGUST 2017**8 Staff costs**

	2017	2016
	£	£
Wages and salaries	1,741,333	2,143,903
Social security costs	175,909	192,372
Operating costs of defined benefit pension schemes	373,764	378,562
Staff costs	2,291,006	2,714,837
Supply staff costs	402,434	255,441
Staff restructuring costs	-	204,441
Staff development and other staff costs	17,266	49,136
Total staff expenditure	2,710,706	3,223,855

Staff numbers

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

	2017	2016
	Number	Number
Teachers	24	33
Administration and support	28	31
Management	2	2
	54	66

Higher paid staff

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

	2017	2016
	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

Key management personnel

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 two of the key management personnel for their services to the academy trust was £ 21,714 (2016: £ 25,505).

No employees participated in the Local Government Pension Scheme; employer's pension contributions amounted to £Nil (2016: £587).

9 Trustees' remuneration and expenses

The headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees. During the year, travel and subsistence payments totalling £nil (2016: £nil) were reimbursed to nil Trustees (2016: nil Trustees).

The value of trustees' remuneration was as follows:

P Kassapian (Principal and trustee)

Remuneration £85,000 - £90,000 (2016: £80,000-£85,000)

Employer's pension contribution paid £10,000 - £15,000 (2016: £10,000 - £15,000)

S Davey (staff governor)

Remuneration £Nil (2016: £45,000-£50,000)

Employer's pension contribution paid £Nil (2016: £5,000 - £10,000)

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

10 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 trust 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.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2016	6,915,901	106,425	42,627	17,000	7,081,953
Additions	-	34,882	-	-	34,882
Disposals	(2,677,917)	-	-	-	(2,677,917)
At 31 August 2017	4,237,984	141,307	42,627	17,000	4,438,918
Depreciation					
At 1 September 2016	884,491	86,188	26,159	3,400	1,000,238
On disposals	(284,307)	-	-	-	(284,307)
Charge for the year	-	22,890	11,817	3,400	38,107
At 31 August 2017	600,184	109,078	37,976	6,800	754,038
Net book value					
At 31 August 2017	3,637,800	32,229	4,651	10,200	3,684,880
At 31 August 2016	6,031,410	20,237	16,468	13,600	6,081,715

The school is being rebuilt as part of the Priority Schools Building Programme. Work began in 2017 with the demolition of two thirds of the existing school built estate, which is shown as a net depreciation charge of £2,393,610 for the year ended 31 August 2017. Once completed, the new buildings under the PSBP scheme will be granted in their entirety to the Academy Trust. These will appear as assets on the balance sheet of the Trust. Completion is expected early in 2020.

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	431,141	533,152
Carrying amount of financial liabilities		
Measured at amortised cost	27,841	430,423

SALVATORIAN COLLEGE**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 AUGUST 2017**12 Financial instruments****(Continued)**

The trustees have considered the Academy Trust's exposure to credit, cash flow and liquidity risks as part of its annual and ongoing risk assessment procedures. Risks are assessed within the Academy Trust's risk register and monitored throughout the year. The trustees do not consider the Academy Trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances, limited debtor exposure, and assurances from the ESFA of continued funding at a level sufficient to sustain the activities of the school.

13 Debtors	2017	2016
	£	£
VAT recoverable	40,998	33,643
Other debtors	17,363	-
Prepayments and accrued income	42,045	45,797
	<u>100,406</u>	<u>79,440</u>
 14 Creditors: amounts falling due within one year	 2017	 2016
	£	£
EFA advances	-	200,000
Other taxation and social security	77,535	102,015
Accruals and deferred income	64,021	277,029
	<u>141,556</u>	<u>579,044</u>
 15 Deferred income	 2017	 2016
	£	£
Deferred income is included within:		
Creditors due within one year	<u>36,180</u>	<u>46,606</u>
 Deferred income at 1 September 2016	 46,606	 16,397
Released from previous years	(46,606)	(16,397)
Amounts deferred in the year	<u>36,180</u>	<u>46,606</u>
 Deferred income at 31 August 2017	 <u><u>36,180</u></u>	 <u><u>46,606</u></u>

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	(3,892)	3,247,372	(3,012,947)	(10,411)	220,122
Other DfE / ESFA grants	-	133,267	(133,267)	-	-
Other government grants	(42,000)	162,455	(120,455)	-	-
	<u>(45,892)</u>	<u>3,543,094</u>	<u>(3,266,669)</u>	<u>(10,411)</u>	<u>220,122</u>
Funds excluding pensions	(45,892)	3,543,094	(3,266,669)	(10,411)	220,122
Pension reserve	(1,903,000)	-	(98,000)	770,000	(1,231,000)
	<u>(1,948,892)</u>	<u>3,543,094</u>	<u>(3,364,669)</u>	<u>759,589</u>	<u>(1,010,878)</u>
Restricted fixed asset funds					
Transferred on conversion	5,674,450	-	-	-	5,674,450
DfE / ESFA capital grants	407,265	24,471	(2,431,717)	10,411	(1,989,570)
	<u>6,081,715</u>	<u>24,471</u>	<u>(2,431,717)</u>	<u>10,411</u>	<u>3,684,880</u>
Total restricted funds	<u>4,132,823</u>	<u>3,567,565</u>	<u>(5,796,386)</u>	<u>770,000</u>	<u>2,674,002</u>
Unrestricted funds					
General funds	-	77,144	(39,833)	-	37,311
Deo Duce fund	-	32,152	-	-	32,152
	<u>-</u>	<u>109,296</u>	<u>(39,833)</u>	<u>-</u>	<u>69,463</u>
Total funds	<u>4,132,823</u>	<u>3,676,861</u>	<u>(5,836,219)</u>	<u>770,000</u>	<u>2,743,465</u>

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

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

General Annual Grant

The General Annual Grant must be used for normal running costs of the Academy including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Other DfE/EFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Charitable donations

Charitable donations relate to grants received from charitable organisations for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension Reserve

The pension reserve is the element of the local government pension fund liability attributable to the Academy (See note 18)

Deo Duce fund

The Deo Duce fund is a designated fund that was established during the year with all funds being used to support the Improvement Plan.

Transfer between funds

The transfer from unrestricted funds to restricted funds was necessary due to the overspend on restricted activities during the year.

The transfer from unrestricted funds to restricted fixed asset funds was necessary to fund the purchase of the land that was not funded through capital grants provided during the year.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	(35,802)	3,556,707	(3,576,792)	51,995	(3,892)
Other DfE / ESFA grants	-	128,551	(128,551)	-	-
Other government grants	-	94,909	(136,909)	-	(42,000)
Other restricted funds	519	9,415	(9,934)	-	-
	<u>(35,283)</u>	<u>3,789,582</u>	<u>(3,852,186)</u>	<u>51,995</u>	<u>(45,892)</u>
Funds excluding pensions	(35,283)	3,789,582	(3,852,186)	51,995	(45,892)
Pension reserve	(1,268,000)	-	(34,000)	(601,000)	(1,903,000)
	<u>(1,303,283)</u>	<u>3,789,582</u>	<u>(3,886,186)</u>	<u>(549,005)</u>	<u>(1,948,892)</u>
Restricted fixed asset funds					
Transferred on conversion	5,895,559	-	(221,109)	-	5,674,450
DfE / ESFA capital grants	389,927	14,817	(26,318)	28,839	407,265
	<u>6,285,486</u>	<u>14,817</u>	<u>(247,427)</u>	<u>28,839</u>	<u>6,081,715</u>
Total restricted funds	<u>4,982,203</u>	<u>3,804,399</u>	<u>(4,133,613)</u>	<u>(520,166)</u>	<u>4,132,823</u>
Unrestricted funds					
General funds	<u>(13,347)</u>	<u>129,901</u>	<u>(35,720)</u>	<u>(80,834)</u>	<u>-</u>
Total funds	<u>4,968,856</u>	<u>3,934,300</u>	<u>(4,169,333)</u>	<u>(601,000)</u>	<u>4,132,823</u>

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	3,684,880	3,684,880
Current assets	69,463	361,678	-	431,141
Creditors falling due within one year	-	(141,556)	-	(141,556)
Defined benefit pension liability	-	(1,231,000)	-	(1,231,000)
	<u>69,463</u>	<u>(1,010,878)</u>	<u>3,684,880</u>	<u>2,743,465</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	6,081,715	6,081,715
Current assets	-	533,152	-	533,152
Creditors falling due within one year	-	(579,044)	-	(579,044)
Defined benefit pension liability	-	(1,903,000)	-	(1,903,000)
	<u>-</u>	<u>(1,948,892)</u>	<u>6,081,715</u>	<u>4,132,823</u>

18 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Harrow. Both are multi-employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £195,845 (2016: £266,129).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are per cent for employers and per cent for employees. The estimated value of employer contributions for the forthcoming year is £128,000.

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

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.

Total contributions made	2017 £	2016 £
Employer's contributions	154,000	141,000
Employees' contributions	32,000	71,000
Total contributions	186,000	212,000

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	2.7%	3.6%
Rate of increase for pensions in payment	2.4%	2.1%
Discount rate	2.5%	2.0%

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

	2017 Years	2016 Years
Retiring today		
- Males	22.2	22.1
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.4	24.5
- Females	26.4	26.9

	Approximate % increase to employers liability %	Approx monetary amount £'000
0.5% decrease in Real Discount Rate	11	415
1 year increase in member life expectancy	3	109
0.5% increase in the Salary Increase Rate	4	139
0.5% increase in the Pension Increase Rate	7	264

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

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

	2017	2016
	Fair value	Fair value
	£	£
Equities	1,612,720	1,339,260
Bonds	254,640	240,380
Cash	84,880	17,170
Property	169,760	120,190
Total market value of assets	<u>2,122,000</u>	<u>1,717,000</u>

Actual return on scheme assets - gain/(loss)	<u>268,000</u>	<u>459,000</u>
--	----------------	----------------

Amounts recognised in the statement of financial activities

	2017	2016
	£	£
Current service cost	214,000	164,000
Interest income	(36,000)	(50,000)
Interest cost	74,000	97,000
Total operating charge	<u>252,000</u>	<u>211,000</u>

Changes in the present value of defined benefit obligations

	2017	2016
	£	£
Obligations at 1 September 2016	3,620,000	2,259,000
Current service cost	214,000	349,000
Interest cost	74,000	184,000
Employee contributions	32,000	(3,000)
Actuarial (gain)/loss	(538,000)	864,000
Benefits paid	(49,000)	(33,000)
At 31 August 2017	<u>3,353,000</u>	<u>3,620,000</u>

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

(Continued)

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

	2017	2016
	£	£
Assets at 1 September 2016	1,717,000	67,000
Interest income	36,000	23,000
Actuarial gain	232,000	436,000
Employer contributions	154,000	141,000
Employee contributions	32,000	71,000
Benefits paid	(49,000)	979,000
	<u>2,122,000</u>	<u>1,717,000</u>
At 31 August 2017	<u>2,122,000</u>	<u>1,717,000</u>

19 Reconciliation of net expenditure to net cash flows from operating activities

	2017	2016
	£	£
Net expenditure for the reporting period	(2,159,358)	(235,033)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(24,471)	(14,817)
Investment income receivable	(313)	(333)
Defined benefit pension costs less contributions payable	60,000	(13,000)
Defined benefit pension net finance cost	38,000	47,000
Depreciation of tangible fixed assets	38,107	247,427
Loss on disposal of fixed assets	2,393,610	-
(Increase)/decrease in debtors	(20,966)	17,602
(Decrease)/increase in creditors	(237,488)	344,661
	<u>87,121</u>	<u>393,507</u>
Net cash provided by operating activities	<u>87,121</u>	<u>393,507</u>

SALVATORIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20 Related party transactions

The Academy operates from buildings which occupy land and other grounds owned by the Society of Divine Saviour ("Society"). The Society has given an undertaking to make the land available to the Academy on a rent-free basis and on certain other conditions for so long as the Academy remains as an academy trust. The Academy shares use of the school hall with St Joseph Parish who is not charged for hall hire. In the event however when academy school staff are used to support the Parish's events, the academy is re-imbursed for staff costs so arising.

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

21 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.