

REGISTERED COMPANY NUMBER: 09578698 (England and Wales)

**Report of the Trustees and
Financial Statements for the Period 7 May 2015 to 31 August 2016
for
Saturn Education Trust**

**COMPANIES
HOUSE**

Ward Goodman
Registered Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF



Saturn Education Trust

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for the Period 7 May 2015 to 31 August 2016**

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Saturn Education Trust
Reference and Administrative Details
for the Period 7 May 2015 to 31 August 2016

MEMBERS

The Salisbury Diocese Board of Education
S Turnock
J Sabben-Clare (resigned 31.07.2016)
M Marchant

TRUSTEES

N Beckett (appointed 7.5.2015)
R W Foster (appointed 11.6.2015) (resigned 21.9.2016)

M J Greenleaves (appointed 11.6.2015) (resigned 2.6.2016)

L C Manningham-Buller (appointed 11.6.2015)
B P Mullany (appointed 7.5.2015)
K Sutton (appointed 11.6.2015)
T M Evans (appointed 3.2.2016)
A Hansford (appointed 3.2.2016)
Reverend I Jackson (appointed 1.6.2015)
Professor D Hounsell (appointed 25.9.2016)

COMPANY SECRETARY

J Ramsden

REGISTERED OFFICE

Corfe Castle CE Primary School
East Street
Corfe Castle
Wareham
Dorset
BH20 5EE

REGISTERED COMPANY NUMBER 09578698 (England and Wales)

AUDITORS

Ward Goodman
Registered Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Saturn Education Trust
Report of the Trustees
for the Period 7 May 2015 to 31 August 2016

The trustees of the Saturn Education Trust ('The Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the period 7 May 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates three rural primary schools within the Purbeck area of Dorset. It has a combined pupil capacity of 525 and has a roll of 423 in the school census on 1 October 2015.

INCORPORATION

The charitable company was incorporated on 7 May 2015 and commenced trading on 1 July 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity constitution

The 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 Trust. The trustees of Saturn Education Trust Limited are also the directors of the charitable company for the purpose of company law. The charitable company is known as the Saturn Education Trust.

Details of the trustees who serve during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of 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 cease to be a member.

Trustees' Indemnities

In accordance with normal practice, The Trust has secured liability protection for claims against any member, trustee or governor arising from negligent acts, errors or omissions whilst on Trust business. This cover is provided through the Department for Education Risk Protection Arrangement (RPA). As an alternative to commercial insurance for academy trusts under RPA, the UK government covers the losses instead of commercial insurance.

Recruitment and appointment of new trustees

The Trust Board composition is reviewed at the Annual General Meeting of members. The Board has reviewed the skills and experience it needs and seeks to recruit new Directors to meet these needs. Trustees are appointed in accordance with the provisions in the Trust's Articles of Association.

Organisational structure

The Trust Board is responsible and accountable to the Members (under the Trust's Articles of Association) and to the Secretary of State for Education (under statute and the Trust's Funding Agreement). During 2015-16, the Trust Board met on seven occasions to discharge these responsibilities and established a further committee, the Finance, Pay and Audit Committee, which met on four occasions. This regular cycle has been retained for 2016-17. The Trust Board delegates the following responsibilities to the Finance, Pay and Audit Committee:

- to review the risks that the Trust recognises and advise the Board of the appropriateness of the risk assessment and management strategies
- to put in place appropriate and effective internal and external audit processes
- to ensure that the Trust has effective processes for planning and overseeing all contracts
- to ensure that the Trust has an effective performance management process
- to advise the Board on the financial planning and budget setting for the Trust
- to monitor the agreed budget throughout the year and advise the Board on any substantive deviation from the budget or budget forecast
- to review pay awards annually for all staff across the Trust.

The Trust Board is non-executive other than the Chief Executive Officer (CEO) of the Trust. The day-to-day operation of the Trust is delegated by the Board to the CEO, whose performance is reviewed as part of the Trust-wide performance management arrangements. The Trust Board delegates the following responsibilities to the CEO:

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- ensure the Trust fulfils all its legal and regulatory requirements
- understand the national and local context for education and ensure these are reflected in local priorities
- develop (with the Trust), and lead delivery of, the strategic vision for the Trust
- ensure (with the Academic Board) that the curriculum across all schools develops to meet the current and future educational needs
- evaluate all schools' performance and identify with the Academic Board priorities for improvement and ensure delivery of agreed improvements and targets
- ensure that the overall strategy for pupils with special educational needs and disabilities is effective and complies with national guidelines and expectations
- recruit, manage and ensure the development of the Trust leadership team
- to set targets for, and review the performance of, the Heads of School in partnership with Local Governing Bodies
- ensure the proper management of finance and budgets, including acting as the Trust Accounting Officer
- ensure that third party agencies are delivering the services that schools require
- ensure the health, safety and safeguarding of all staff and pupils
- market and promote the Trust to parents and the community
- develop and expand the Trust.

The CEO is the Accounting Officer under the Trust's Funding Agreement, and as such is accountable to Parliament for the finance and administrative arrangement of the Trust. The CEO directs the Trust Team Leader for Finance and Administrative who is designated as the Trust's Chief Financial Officer.

Each school has a Local Governing Body (LGB). The LGBs are non-executive other than the school's Head of School. The Trust Management Board delegates the following responsibilities to each Local Governing Body:

- to set and periodically review the school aims and objectives
- to review and approve the school's self-evaluation, including consideration of external reports and assessments
- to review, approve and monitor the school performance targets and development plan
- to monitor progress and attainment of all pupils, including analysis for all key cohorts and vulnerable groups
- to review the curriculum policy and ensure that all areas of the curriculum are periodically reviewed, assessed and developed as needed and desired
- to report as required to the Trust Board on matters including, but not limited to, pupil progress and attainment, improvement initiatives, spending of targeted budgets (e.g.: Pupil Premium, Sports funding) and attendance
- to review and approve school brochures and annual report to parents
- to set targets for, and review the performance of, the Head of School in partnership with the CEO of the Trust
- to appoint local governors for safeguarding and health & safety and receive periodic reports from the same
- to review, approve and monitor schools attendance, behaviour and bullying policies
- to review the school staffing structure including key roles and responsibilities for approval by the Trust Board
- to advertise as required and appoint staff (with the exception of the Head of School) to fulfil agreed vacancies in the approved staffing structure
- to review staff and survey outcomes
- to review parent survey outcomes
- to ensure the school adopts defined Trust policies and develops local school policies as required

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- to agree how the school discretionary budget should be used and ensure effective monitoring and control of all aspects within the school's control
- to maintain a Register of Business and Pecuniary Interests for all governors and senior school staff with financial responsibilities.
- to review the governing body's effectiveness and identify required recruitment, training and development.

Induction and training of new trustees

Trustee induction is led by the Chair of the Trust Board. Training sessions are held as required to meet identified needs and the Trust has a contract with Dorset County Council's Governor Services to provide individual trustees with guidance, support and training services.

Key management remuneration

Members, trustees and governors are unremunerated other than the CEO and Heads of School. Pay and remuneration is set under the Trust's Pay Policy which is reviewed annually by the Trust Board. The Pay Policy follows the model Dorset County Council Policy which is consistent with the annually issued School Teachers' Pay and Conditions Document.

As required under the Trust's Funding Agreement, all teachers, including the CEO and Heads of School, are offered access to the national Teachers' Pension Scheme. All other staff are offered access to the Local Government Pension Scheme.

Related parties

The Trust is linked to the Diocese of Salisbury through the Salisbury Diocesan Board of Education (SDBE) which is a member of the Trust.

OBJECTIVES AND ACTIVITIES

Object

The Trust's object, as set out in its Articles of Association, is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum and which shall include:

- i. Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- ii. Other academies whether with or without a designated religious character; but in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England.

Aims

In pursuit of this object, the core aim of the Trust is to improve the outcomes and create better opportunities for all our young people in our local communities.

All schools within the Trust are committed to provide our children with excellent education; we are committed to nurture and inspire our children to achieve their potential; morally, spiritually, socially, culturally and academically; regardless of their educational needs and their social, economic or cultural background. We want to ensure that all those who leave our schools are confident, and can think and act responsibly and independently.

The Trust's aim is to build education communities that 'Learn Together'. To achieve this, the Trust adopts three key strategies to enable the local schools to succeed:

- **Share:** We share knowledge, skills and resources across the trust to ensure that we deliver and evolve the best practices in all schools.
- **Support:** We design our processes, training and systems to deliver the support that all staff need if they are to continually develop and excel.

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- **Challenge:** We create a reflective culture that allows professionals to review the outcomes we enable our children to achieve, and to assess our effectiveness at delivering these outcomes.

The Trust's philosophy revolves around securing a thriving, vibrant future for local schools which might otherwise find it hard to excel in a world of increasingly scarce skills and reduced funding. We will succeed by enabling our dedicated staff to shine, by embracing the commitment of our governors, directors and trust members, and by enabling our young people to enjoy their education.

Objectives, Strategies and Activities

The key objectives was for the year to establish the Trust and in doing so start to create a leadership structure to support all our trust schools. Development focus for the year included:

- Increasing Leadership and Middle Management Capacity across the Trust
- Improving the quality of teaching and learning
- Improving pupil outcomes at all Key Stages
- Ensuring that the Christian ethos of the Trust and our Schools is celebrated.

Public benefit

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

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

The Trust supports all schools and develops the 'Share-Support-Challenge' ethos across all that we do. We have very clear commitments to raise outcomes for children across all schools and share the good practice. We consistently maintain relationships with other local schools and the local community.

STRATEGIC REPORT

When the Trust was formed in July 2015, we faced a number of significant issues of which the most urgent were:

- Teaching and learning at two of the schools was weak.
- Leadership experience, capability and capacity was lacking across the Trust.
- There were few common systems in place despite all schools having been part of the DCC.

Progress and Current Status

Safeguarding and Health & Safety

During the year the Trust identified directors to oversee safeguarding and Health & Safety. Work has been completed to ensure that the schools fully meet the new "Keeping Children Safe in Education" statutory guidance. We have reviewed and enhanced the Trust's Health & Safety Policy.

Leadership

Since formation of the Trust we have appointed a new leadership team. No school now has the leadership that it had prior to conversion. This has been challenging for even our most successful school but it is evident that the new team is having a positive impact at all of the schools.

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Report of the Trustees for the Period 7 May 2015 to 31 August 2016

Nevertheless, challenges remain. Whilst the Trust now has the leadership capacity, it is evident that leadership focus and energy needs to be sustained over the coming year. As a Trust we recognise the amount of effort being applied and the stress that this inevitably creates. We must ensure that ongoing support is provided to allow our new leadership team to succeed.

Teaching and Learning

Teaching and learning has significantly improved over the year. Most importantly, all schools are adopting positive strategies to hold staff to account and make ongoing improvements to the teacher planning and lesson quality.

Improved teaching is having an impact on outcomes, but there is still too much variation within and across schools in the quality of teaching, attainment and progress. The Trust as a whole has the knowledge and skills to succeed. Whilst we will continue to use external resources to critique, advise and provide development support, our key strategy is leverage internal skills across all classrooms. We must ensure that the excellent practice in many parts of the Trust become universal.

Support Systems

During the year we have implemented a new finance system and implemented common policies and procedures across the Trust. These are the foundations for the future but now we need to make these systems fully effective.

Governance

Governance at both Board and LGB level has been strengthened during the year. In June 2016 we commissioned an external review of governance by SDBE which concluded:

"[The Trust] are in a sound position to meet the external challenges and make the right decisions for the continued academic improvements and MAT growth.....[The] Board have a clear understanding of their strategic direction and have a detailed knowledge of the finances of the Trust. There is a confidence that this Trust will provide better outcomes for children, will maintain a sound financial footing and will become a key part within the local conversations that are taking place [about the growth of academy trusts]."

We will continue to focus on the Trust's overall development and growth. The national emphasis for change is towards larger MATs, with the inherent enhancement in terms of capacity and sustainability that this would bring. The Trust is responding positively to these aspirations.

Achievements and Performance (Inc. Key Performance Indicators)

Year 1 - Phonics Screening

School	Count	% Met the Standard
Corfe Castle	12	92%
Swanage St Mark's	20	70%
Wareham St Mary	30	84%
MAT average	62	81%
National Av (2016)		81%

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End of Year 2 - Attainment 2015-16

School		% Reading		% Writing		% Maths	
	<i>count</i>	ARE or above	ARE +	ARE or above	ARE +	ARE or above	ARE +
Corfe Castle	10	30%	0	30%	10%	70%	10%
Swanage St Mark's	28	29%	0	14%	0	36%	0
Wareham St Mary's	28	68%	18%	64%	14%	86%	18%
MAT Average	66	45%	7.5%	43%	7.5%	62%	9%
<i>National Average (2016)</i>		74%		65%		73%	

ARE – Age Related Expectations

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End of Year 6 - Attainment 2015-2016

School		% Reading		% Writing		% English, Grammar, Punctuation and Spelling		% Maths	
	<i>count</i>	ARE or above	ARE+	ARE or above	ARE+	ARE or above	ARE+	ARE or above	ARE+
Corfe Castle	11	73%	36%	64%	9%	82%	18%	45%	18%
Swanage St Mark's	16	69%	13%	63%	0%	69%	19%	56%	6%
Wareham St Mary	23	61%	9%	30%	0%	52%	9%	74%	4%
MAT Average	50	66%	14%	48%	2%	64%	14%	62%	8%
Dorset Average (2016)		67%	20%	60%	8%	67%	18%	63%	13%
National Average (2016)		66%		74%		72%		70%	

Key Performance Indicators

The Trust has come a long way since its incorporation in May 2015, and is further developing its financial procedures through 2016/17 to include a more robust financial reporting framework and key performance indicators.

A number of financial indicators that will be used in the future will assist the Trustees in managing the Trust's financial affairs to ensure efficient operation, liquidity and effective use of resources.

As funding is based on pupil numbers, the October pupil count (census) is key financial driver.

Pupil Numbers

In the last year the total number of pupils across the Trust has increased by 18 (4.3%). The table below provides a breakdown of this per school.

School	Pupil Number October 2014	Pupil Number October 2015	Pupil Number October 2016
Corfe Castle	103	101	97
Wareham St Mary	187	178	185
Swanage St Marks	135	144	159
Total	425	423	441

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Financial review

Most of the Trust's income is obtained from the DfE via the EFA in the forms of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities (SOFA).

At the year ended 31 August 2016, the total fund balances (note 20) totalled £357,209 this is compared to £281,364 which represents the revenue balances transferred at the date of conversion.

At 31 August 2016 the net book value of fixed assets included £7,809,207, this represents the land and building that were gifted to the Trust as part of the conversion process. These assets were used exclusively for providing education and the associated support services to the pupils within the Trust.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the SOFA with details within note 21 to the financial statements.

Going concern

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

Reserves policy

During the year the Trust formally set a reserves policy of a minimum £150,000 with additional funds to be made available to mitigate the loss of absence Insurance. The principle of the policy is to spend its revenue income on the pupils in its care during that year.

Investment policy and objectives

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

Principal risks and uncertainties

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

Pupil Risk

- The success of the Trust is underpinned by an absolute commitment to the safety and safeguarding of all pupils. The Trust follows national statutory guidance and rigorously implements local practices with the support of the Local Authority Safeguarding Service. The Trust ensures that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Reputational Risk

- The Trust values its local reputation and recognises that this is dependent on implementing rapid and sustained improvement to the educational achievement in its schools. These improvements are imperative if all the schools are to retain the gradings awarded at external inspections. The Trust ensures that pupil's success and achievement is closely monitored and continues to invest in key programmes and staff development to support continued performance improvement.

Governance Risk

- Effective governance and management remains critical to the Trust. Weaknesses in these areas could lead to a failure to manage educational outcomes, place the Trust finances at risk and lead to non-compliance with external regulations, legislation and statutory returns. The Trust invests in management development and actively seeks to recruit directors and governors with complementary skill sets.

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Report of the Trustees for the Period 7 May 2015 to 31 August 2016

Financial Risk

- The ongoing financial viability of the Trust is highly dependent on the external funding from government. Within this funding model, pupil numbers are a key driver. The Trust monitors pupil numbers closely and supports efforts by each school to promote themselves within their local communities. The Trust remains at risk due to national changes in the funding model over which it has no control.
- Total employment costs, which represents circa 80% of the Trust's total expenditure, remain a significant risk. National increases in pension contributions, national insurance and the National Living Wage are leading to increases in employment costs without any equivalent increases to national funding. The Trust is closely monitoring its employment costs and will revise longer term employment structures in response to national funding decisions.
- The Trust is responsible for the proper expenditure of significant public monies and as such has appointed an external firm to carry out checks on financial statements and records as required by the Academy Financial Handbook. Finance staff training is given to keep staff up to date with financial practice requirements and develop their skills in this area.

Employee Risk

- The Trust relies on the skills, knowledge and motivation of its staff. The Trust has put in place and monitors sustained investment in Continuing Professional Development and other key HR policies to promote a productive, healthy and rewarding work environment for all employees and regularly reviews the extent to which employees feel supported to develop and succeed.

Infrastructure Risk

- The Trust is responsible for, and is informed by, the data it collects on pupils, attendance, attainment and progress. The accuracy, robustness and analysis of this data is highly important and the Trust regularly seeks external verification of its management and control of this data.
- The Trust has a substantial physical asset base on which it relies to support its operations. The Trust depends upon business continuity plans and the Department for Education RPA to mitigate impact in the event of a significant adverse event. In addition, the Trust has comprehensive Health and Safety policies and practices that are implemented at all schools.

Risk Management

- The Trustees have given due consideration to these risks and uncertainties. The Trust has developed a Risk Management policy and has implemented practices to review and actively manage the risks. The Trust Board and the Finance, Pay and Audit Committee regularly review the risk environment and plan.

The academy will continue to strengthen its risk management processes throughout the year to improving the process and raising staff awareness. A risk register is maintained and is reviewed and updated on a regular basis.

Future plans

The CEO and the Heads of School have prepared the overall Trust and School Development Plans which detail the plans for further improvements, mainly focusing on teaching and learning plus peer to peer support and leadership across the Trust.

Our growth intent is based on a more proactive role towards expanding the Trust and forging working alliances with other local Trusts. Whilst the Trust does not have a specific target for growth, our aim is to expand to include a larger local geographic Trust, including other primary and or secondary phases such that, within three years, we would potentially have circa 8-12 schools totalling circa 2000-2500 pupils.

The Trust also wants to participate in a formal MAT alliance network, again potentially locally formed within the Dorset area to enable effective learning and peer to peer support between growing MATs. These plans have been shared with the South West Regional Schools Commissioner.

Saturn Education Trust
Report of the Trustees
for the Period 7 May 2015 to 31 August 2016

AUDITORS

The auditors, Ward Goodman, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 14 December 2016 and signed on the Board's behalf by:


.....
Mr B. Mullany – Chair of Trustees

Saturn Education Trust
Governance Statement
for the Period 7 May 2015 to 31 August 2016

Scope of Responsibility

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

The Trust Board has delegated the day-to-day responsibilities to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Saturn Education Trust and the Secretary of State for Education. The CEO also has responsible for reporting to the Trust Board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The Trust Board has formally met 7 times during the period. Attendance during the period at these meetings was as follows:

Trustee	Meetings attended	Out of a possible
N Beckett (Chief Executive & Accounting Officer)	7	7
R W Foster	6	7
M J Greenleaves	6	6
L C Manningham-Buller	5	7
B P Mullany	7	7
K Sutton	7	7
T M Evans	3	4
A Hansford	4	4
Reverend I Jackson	6	7

The Finance Audit & Pay Committee is a sub-committee of the main board of trustees. Its purpose is to:

- To review the risks that the Trust recognizes and advise the Board of the appropriateness of the risk assessment and management strategies
- To put in place appropriate and effective internal and external audit processes
- To ensure that the Trust has effective processes for planning and overseeing all contracts
- To ensure that the Trust has an effective performance management process
- To advise the Board on the financial planning and budget setting for the Trust
- To monitor the agreed budget throughout the year and advise the Board on any substantive deviation from the budget or budget forecast
- To review pay awards annually for all staff across the Trust.

Saturn Education Trust
Governance Statement
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During this reporting period (2015/16) the committee met four times.

Trustees	Meetings attended	Out of a possible
N Beckett (Chief Executive & Accounting Officer)	4	4
T M Evans	3	4
R Foster	3	4
A Hansford	2	3
B Mullany	4	4
K Sutton	4	4

Review of Value for Money

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

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

- The Trust and member schools apply the principals of benchmarking for products, services and suppliers.
- The Trust uses only known suppliers with proven capacity to provide quality, quantity and timely delivery at a competitive price.

Saturn Education Trust
Governance Statement
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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 priorities the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period 7th May 2015 to 31st August 2016 and up to the date of the approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 7th May 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board
- regular reviews by the Finance, Pay and Audit 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.

During 2015/16 the Trust engaged the service of Ward Goodman (Chartered Accountant) to carry out a systems review. The nature of the review was to look at the systems and processes (internal checks) that the Trust operated and to make recommendation. The outcome of this review was reported to the Board in February 2016.

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

- testing of Income - Cash Handling
- testing of purchase systems
- testing of control accounts
- testing of fixed assets.

As a result of this report and findings for 2015/16 it has been used as an alternative source of assurance for the purpose of assessing the risk and control environment within the Trust. The outcomes of the report provides assurance on the operation of the system of control and on the discharge of the Trust Board financial responsibilities.

It is the intention of the Board that in 2016/17 onwards that this type of internal check will be carried out by a suitably qualified Head of Finance at another academy (or equivalent).

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Governance Statement
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Review of Effectiveness

As Accounting Officer, the Chief Executive Officer 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 system & procedure review
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Audit & Pay Committee and a plan to address weaknesses have been considered to ensure continuous improvement of the system are in place.

Approved by order of the members of the Trust Board on 14th December 2016 and signed on its behalf by:


.....
Mr B Mullany – Chair of Trustees


.....
Mr N Beckett - Accounting Officer

Saturn Education Trust

**Statement on Regularity, Propriety and Compliance
for the Period 7 May 2015 to 31 August 2016**

As Accounting Officer of Saturn Education Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

.....*N Beckett*.....
Mr N Beckett - Accounting Officer

Date: *14 December 2016*

Saturn Education Trust

Statement of Trustees Responsibilities for the Period 7 May 2015 to 31 August 2016

The trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 FRS 102 and the Academies Accounts Direction 2015 to 2016
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

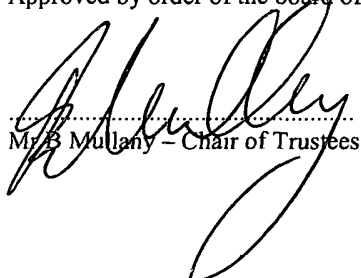
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Approved by order of the board of trustees on 14 December 2016 and signed on it's behalf by:


Mr B Mullany – Chair of Trustees

Report of the Independent Auditors to the Members of Saturn Education Trust

We have audited the financial statements of Saturn Education Trust for the period ended 31 August 2016 on pages twenty one to forty two. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page seventeen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

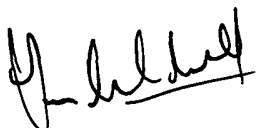
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Saturn Education Trust**

Matters on which we are required to report by exception

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

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



Mr I M Rodd BSc ACA FCCA (Senior Statutory Auditor)
for and on behalf of Ward Goodman
Registered Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Date: 14 December 2016

Independent Reporting Auditor's Assurance Report on Regularity to Saturn Education Trust and the Education Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Saturn Education Trust during the period 7 May 2015 to 31 August 2016 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 Saturn Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Saturn Education Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Saturn Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Saturn Education Trust's accounting officer and the reporting auditor

The Accounting Officer is responsible, under the requirements of Saturn Education Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 7 May 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

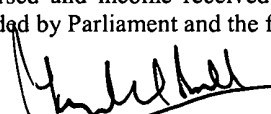
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

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 7 May 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr I M Rodd BSc ACA FCCA (Senior Statutory Auditor)
for and on behalf of Ward Goodman
Registered Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Date: 14 December 2016

Saturn Education Trust

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Period 7 May 2015 to 31 August 2016

	Notes	Unrestricted fund £	Restricted fund £	Restricted fixed asset funds £	Restricted pension funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	4	-	187,957	-	-	187,957
Transfer from Local Authority on conversion	23	-	281,364	7,905,075	-	8,186,439
Charitable activities						
Funding for the academy's educational operations	5	-	2,488,302	-	-	2,488,302
Other trading activities	6	-	14,066	-	-	14,066
Investment income	7	-	498	-	-	498
Other income		14,322	2,378	-	-	16,700
Total		14,322	2,974,565	7,905,075	-	10,893,962
EXPENDITURE ON						
Charitable activities						
Academy's educational operations	10	24	2,502,059	-	180,000	2,682,083
Governance costs		-	12,297	-	-	12,297
Other		-	-	95,868	21,000	116,868
Transfer from Local Authority on conversion	23	-	-	-	499,000	499,000
Total	8	24	2,514,356	95,868	700,000	3,310,248
NET INCOME/(EXPENDITURE)		14,298	460,209	7,809,207	(700,000)	7,583,714
Transfers between funds	20	-	(103,000)	-	103,000	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	-	(412,000)	(412,000)
Net movement in funds		14,298	357,209	7,809,207	(1,009,000)	7,171,714
TOTAL FUNDS CARRIED FORWARD		14,298	357,209	7,809,207	(1,009,000)	7,171,714

All of the charitable company's activities derive from acquisitions in the current period.


The notes form part of these financial statements

Saturn Education Trust

Balance Sheet At 31 August 2016

	Notes	£
FIXED ASSETS		
Tangible assets	15	7,860,293
CURRENT ASSETS		
Debtors	16	42,086
Cash at bank and in hand		<u>453,689</u>
		495,775
CREDITORS		
Amounts falling due within one year	17	<u>(175,354)</u>
NET CURRENT ASSETS		<u>320,421</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,180,714
PENSION LIABILITY	21	<u>(1,009,000)</u>
NET ASSETS		<u><u>7,171,714</u></u>
FUNDS	20	
Unrestricted funds:		
General fund		14,298
Restricted funds:		
Restricted fund		357,209 ✓
Pension reserve		(1,009,000) ✓
Fixed asset fund		<u>7,809,207</u> ✓
		<u>7,157,417</u>
TOTAL FUNDS		<u><u>7,171,714</u></u> ✓

The financial statements were approved by the Board of Trustees on 14th December 2016 and were signed on its behalf by:


.....
Mr B Mullany – Chair of Trustees

The notes form part of these financial statements

Saturn Education Trust
Cash Flow Statement
for the Period 7 May 2015 to 31 August 2016

	Notes	£
Cash flows from operating activities:		
Cash generated from operations	1	504,372
Interest paid		<u>(96)</u>
Net cash provided by (used in) operating activities		<u>504,276</u>
 Cash flows from investing activities:		
Purchase of tangible fixed assets		(51,085)
Interest received		<u>498</u>
Net cash provided by (used in) investing activities		<u>(50,587)</u>
 Cash transferred on conversion to an academy	23	<u>281,364</u>
Change in cash and cash equivalents in the reporting period		453,689
Cash and cash equivalents at the beginning of the reporting period		<u>-</u>
Cash and cash equivalents at the end of the reporting period		<u><u>453,689</u></u>

The notes form part of these financial statements

Saturn Education Trust

**Notes to the Cash Flow Statement
for the Period 7 May 2015 to 31 August 2016**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	7,583,714
Adjustments for:	
Depreciation	95,868
Transfer from Local Authority on conversion	(7,406,075)
Interest received	(498)
Interest paid	96
Increase in debtors	(42,086)
Increase in creditors	175,354
Difference between pension charge and cash contributions	<u>97,999</u>
Net cash provided by (used in) operating activities	<u>504,372</u>

Saturn Education Trust
Notes to the Financial Statements
for the Period 7 May 2015 to 31 August 2016

1. LEGAL FORM

Saturn Education Trust is a Multi Academy Trust and a Charitable Company limited by guarantee (exempt charity) and registered in England and Wales. The registered office is disclosed on page 1.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Saturn Education Trust meets the definition of a public benefit entity under FRS 102.

As the charitable company was incorporated on 7 May 2015 and trading commenced on 1 July 2015, the trustees decided to present a long period of account to 31 August 2016.

Going concern

These accounts have been prepared using the going concern basis of accounting. There are no material uncertainties casting doubt on the charitable company's ability to continue as a going concern. The Board consider that there are adequate resources for the Trust to continue as a going concern for the foreseeable future.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

2. ACCOUNTING POLICIES - continued

Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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 charity's accounting policies.

Debtors

Debtors due within one year are measured at undiscounted transaction price.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Creditors

Creditors due within one year are measured at undiscounted transaction price.

Charitable activities

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- Straight line over 100 years
Fixtures and fittings	- Straight line over 4 years
Motor vehicles	- Straight line over 4 years
Assets under construction	- No depreciation

Land and buildings are owned by The Salisbury Diocesan Board of Education. The Academy Trust is licenced to occupy the land and buildings for the purpose of operating Church of England schools for as long as it has a Funding Agreement with the Secretary of State to do so. Land and buildings are therefore introduced at market value as fixed assets and are subsequently measured at cost less depreciation.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

2. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives 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 can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement 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 quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Conversion to an academy

On 1 July 2015, Wareham St Mary Primary School, Corfe Castle Primary School and St Marks CE Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Saturn Education Trust from the Dorset County Council Local Authority for £nil consideration.

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the charitable company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following paragraph describes the critical judgements, apart from those involving estimates (dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

There are no critical judgements, apart from those involving estimates.

The following are areas that are considered to be key sources of estimation uncertainty.

Useful life and residual values of tangible fixed assets;

The economic useful life of tangible fixed assets and the expected residual value on future disposal is estimated by the Directors based on their experience. The total carrying value of fixed assets at 31 August 2016 is £7,860,293.

Defined benefit pension deficit;

The defined benefit pension deficit included in the balance sheet is at a valuation provided by a qualified actuary. The actuary makes assumptions and estimates in order to arrive at the figure. The directors have placed reliance on the actuary's valuation.

Financial instruments

Financial instruments are recognised in the balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables 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 future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price. Financial liabilities due in more than one year are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities constituting financing transactions are initially measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised when the charitable company's contractual rights or obligations expire or are discharged, transferred or cancelled.

3. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of State the academy trust was not subject to any limits on the amount of GAG that could be carried forward from one year to the next.

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

4. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	Total funds £
Donations	-	13,264	13,264
Grants	-	174,693	174,693
	-	187,957	187,957

Grants received, included in the above, are as follows:

	£
Other DfE/EFA grants	74,693
DfE Primary Chain Grant	100,000
	174,693

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Total funds £
Catering income	-	12,214	12,214
Music income	-	750	750
Trip income	-	12,337	12,337
Insurance income	-	26,393	26,393
Grants	-	2,436,608	2,436,608
	-	2,488,302	2,488,302

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	Total funds £
DfE/EFA revenue grant			
General Annual Grant(GAG)	-	2,180,125	2,180,125
Start up grants	-	3,849	3,849
Other DfE/EFA grants	-	186,095	186,095
	-	2,370,069	2,370,069
Other government grant			
Other government grants	-	66,539	66,539
	-	2,436,608	2,436,608

6. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
Miscellaneous income	-	14,066	14,066

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

7. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Total funds £
Deposit account interest	<u>-</u>	<u>498</u>	<u>498</u>

8. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	Total £
Charitable activities				
Academies educational operations				
Direct costs	<u>2,111,001</u>	<u>80,408</u>	<u>490,674</u>	<u>2,682,083</u>
Transfer from Local Authority on conversion	<u>-</u>	<u>-</u>	<u>499,000</u>	<u>499,000</u>
	<u>2,111,001</u>	<u>80,408</u>	<u>989,674</u>	<u>3,181,083</u>

Net income/(expenditure) is stated after charging/(crediting):

	£
Auditors remuneration	7,680
Auditors remuneration for non audit services	1,740
Depreciation - owned assets	<u>95,868</u>

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Total funds £
Direct costs	<u>24</u>	<u>2,682,059</u>	<u>2,682,083</u>

10. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 11) £	Totals £
Academy's educational operations	2,682,083	-	2,682,083
Governance costs	<u>-</u>	<u>12,297</u>	<u>12,297</u>
	<u>2,682,083</u>	<u>12,297</u>	<u>2,694,380</u>

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

11. SUPPORT COSTS

	Governance
	costs
	£
Trustees' expenses	1,953
Other costs	924
Auditors' remuneration	7,680
Auditors' remuneration for non audit work	<u>1,740</u>
	12,297

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

12. TRUSTEES' REMUNERATION AND BENEFITS

The only trustee receiving remuneration during the period was Nigel Beckett in his capacity as CEO and the Head of Wareham St Mary Primary School. Remuneration was in the £70,000 to £75,000 bracket for the 14 month period.

Trustees' expenses

During the period governors were provided with training courses to the value of £1,953 and one trustee was reimbursed for travelling expenses totalling £299.

13. STAFF COSTS

	£
Wages and salaries	1,602,076
Social security costs	94,654
Teachers Pension Scheme costs	161,640
Local Government Pension Scheme costs	<u>102,979</u>
	1,961,349
Supply teacher costs	<u>72,653</u>
	<u><u>2,034,002</u></u>

The average number of persons (including senior management team) employed by the charitable company during the period was as follows:

Management	3
Teaching	20
Admin/Support	<u>31</u>
	<u><u>54</u></u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:
£70,000 - £75,000 1

Total remuneration paid to Key Management Staff during the period from 1 July 2015 to 31 August 2016 was £235,005.

Central services

The trust provides central services to its academies for HR and payroll services, management, financial services, legal services and pension costs. These have been recharged by both a flat rate charge of £90,000 for each academy plus an amount based on number of pupils. Recharges to each academy are as follows;

	£
Corfe Castle Primary School	150,939
St Mark's CE Primary School	141,292
Wareham St Mary Primary School	<u>190,728</u>
	<u><u>482,959</u></u>

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

14. TRUSTEES' AND OFFICERS' INSURANCE

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

15. TANGIBLE FIXED ASSETS

	Long leasehold property £	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
COST					
Additions	<u>7,900,000</u>	<u>13,467</u>	<u>5,076</u>	<u>37,618</u>	<u>7,956,161</u>
DEPRECIATION					
Charge for year	<u>92,167</u>	<u>2,221</u>	<u>1,480</u>	<u>-</u>	<u>95,868</u>
NET BOOK VALUE					
At 31 August 2016	<u><u>7,807,833</u></u>	<u><u>11,246</u></u>	<u><u>3,596</u></u>	<u><u>37,618</u></u>	<u><u>7,860,293</u></u>

Long leasehold property was introduced at valuation. Properties were valued on 1 July 2015 by A Jestyn Coke Chartered Surveyors. The valuation is based on the cost to rebuild the property. These valuations do not include any land element.

Properties are owned by The Salisbury Diocesan Board of Education. The charitable company has a licence under the Church Supplemental Agreement to use the property for the provision of education for as long as it has a valid funding agreement.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	1,736
VAT	<u>40,350</u>
	<u><u>42,086</u></u>

The total carrying amount of debtors of £42,086 relates to financial assets measured at amortised cost, which for debtors due within one year is equal to the undiscounted transaction price.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	62,477
Social security and other taxes	54,784
Accruals and deferred income	<u>58,093</u>
	<u><u>175,354</u></u>

Accruals and deferred income includes £50,893 of income deferred as it was received for and applies to the 16/17 school year.

The total carrying amount of creditors of £175,354 relates to financial liabilities measured at amortised cost, which for creditors due within one year is equal to the undiscounted transaction price.

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases £
Expiring:	
Within one year	1,291
Between one and five years	<u>2,860</u>
	<u><u>4,151</u></u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted fund	Restricted fixed asset funds	Restricted pension funds	Total funds
	£	£	£	£	£
Fixed assets	-	-	7,860,293	-	7,860,293
Current assets	14,298	532,562	(51,085)	-	495,775
Current liabilities	-	(175,353)	(1)	-	(175,354)
Pension liability	-	-	-	(1,009,000)	(1,009,000)
	<u>14,298</u>	<u>357,209</u>	<u>7,809,207</u>	<u>(1,009,000)</u>	<u>7,171,714</u>

20. MOVEMENT IN FUNDS

	Net movement in funds £	Transfers between funds £	At 31.8.16 £
Unrestricted funds			
General fund	14,298	-	14,298
Restricted funds			
Restricted fund	460,209	(103,000)	357,209
Pension reserve	(1,112,000)	103,000	(1,009,000)
Fixed asset fund	<u>7,809,207</u>	<u>-</u>	<u>7,809,207</u>
	<u>7,157,417</u>	<u>-</u>	<u>7,157,417</u>
TOTAL FUNDS	<u><u>7,171,714</u></u>	<u><u>-</u></u>	<u><u>7,171,714</u></u>

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	14,322	(24)	-	14,298
Restricted funds				
Restricted fund	2,974,565	(2,514,356)	-	460,209
Fixed asset fund	7,905,075	(95,868)	-	7,809,207 ✓
Pension reserve	-	(700,000)	(412,000)	(1,112,000)
	<u>10,879,640</u>	<u>(3,310,223)</u>	<u>(412,000)</u>	<u>7,157,417</u>
TOTAL FUNDS	<u>10,893,962</u>	<u>(3,310,248)</u>	<u>(412,000)</u>	<u>7,171,714</u>

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

20. MOVEMENT IN FUNDS - continued

Total funds analysis by academy

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016
Wareham St Mary Primary School	200,632
Corfe Castle Primary School	139,842
St Mark's CE Primary School	(22,109)
Central services	<u>53,142</u>
Total restricted and unrestricted general funds	371,507
Restricted fixed asset funds	7,809,207
Restricted pension funds	<u>(1,009,000)</u>
Total funds	<u><u>7,171,714</u></u>

Total unrestricted general funds relate to lettings activities at each school and total £14,298.

Total cost analysis by academy

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

	Staff costs£	Premises£	Other costs£	Governance Costs £	Total
Wareham St Mary Primary School	668,866	25,969	142,755		837,589
Corfe Castle Primary School	319,903	28,886	83,280		432,069
St Mark's CE Primary School	670,827	14,868	126,550		812,246
Central services	374,406	10,684	138,090	12,297	523,181
Pension fund	<u>77,000</u>		<u>499,000</u>		<u>576,000</u>
	<u><u>2,111,002</u></u>	<u><u>80,407</u></u>	<u><u>989,676</u></u>	<u><u>12,297</u></u>	<u><u>3,181,085</u></u>

Transfers between funds

Transfers between funds in the year reflects the payment made out of the Trust's restricted general funds for employers contributions towards the defined benefit pension scheme deficit.

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

21. PENSION 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 Dorset County Council. Both are multi employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £28,508 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' pension scheme

Introduction

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

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

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

**21. PENSION AND SIMILAR OBLIGATIONS
- continued**

Valuation of the Teachers' Pension Scheme

Not less than every four years 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) Directors 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

Employer contributions rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).

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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The total pension contributions payable to the TPS in the period to 31 August 2016 amounted to £161,640.

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.

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

21. PENSION AND SIMILAR OBLIGATIONS - continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2016 was £136,000, of which employer's contributions totalled £103,000 and employee's contributions totalled £33,000. The agreed contribution rates from April 2017 are 18.8 percent for employers and 5.5% to 6.8% percent for employees.

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

Principal actuarial assumptions	At 31 August 2016
Discount rate	2.2%
Pension increases	2.3%
Salary increases	3.8%
Inflation assumption	3.2%

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

	At 31 August 2016
Retiring today;	
Males	22.9
Females	25.3
Retiring in 20 years;	
Males	25.2
Females	27.7

Sensitivity analysis	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	1,540,000	1,579,000	1,619,000
Projected service cost	215,000	220,000	226,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	1,585,000	1,579,000	1,573,000
Projected service cost	220,000	220,000	220,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	1,613,000	1,579,000	1,546,000
Projected service cost	225,000	220,000	215,000
Adjustment to life expectancy assumptions	+1 year	None	--1 year
Present value of total obligation	1,620,000	1,579,000	1,539,000
Projected service cost	226,000	220,000	215,000

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

Asset breakdown as at 31 August 2016	£	%
Equities	328,000	58%
Gilts	63,000	11%
Cash	6,000	1%

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

**21. PENSION AND SIMILAR OBLIGATIONS
- continued**

Local government pension scheme

Other bonds	73,000	13%
Diversified growth fund	27,000	5%
Property	58,000	10%
Infrastructure	15,000	3%
Hedge fund	-	0%
Total	570,000	100%

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans £
Current service cost	180,000
Brought forward deficit introduced on conversion from local authority	499,000
Net interest from defined benefit asset/liability	<u>21,000</u>
	<u>700,000</u>
Actual return on plan assets	42,000

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans £
Defined benefit obligation b/fwd	(895,000)
Current service cost	(180,000)
Contributions by scheme participants	(33,000)
Interest cost	(43,000)
Change in financial assumptions	(432,000)
Benefits paid	<u>4,000</u>
Defined benefit obligation c/fwd	<u>(1,579,000)</u>

Changes in the value of the defined benefit assets are as follows:

	Defined benefit pension plans £
Fair value of scheme assets b/fwd	396,000
Contributions by employer	103,000
Contributions by scheme participants	33,000
Interest on assets	22,000
Benefits paid	(4,000)
Return on plan assets (excluding interest income)	<u>20,000</u>
	<u>570,000</u>

Saturn Education Trust

Notes to the Financial Statements - continued for the Period 7 May 2015 to 31 August 2016

21. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans £
Return on plan assets (excluding interest income)	20,000
Actuarial gains/(losses)	<u>(432,000)</u>
	<u><u>(412,000)</u></u>

Total amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans £
Defined benefit obligation	(1,579,000)
Defined benefit assets	<u>570,000</u>
Total deficit	<u><u>(1,009,000)</u></u>

22. RELATED PARTY DISCLOSURES

During the period to 31 August 2016, £1,119 was paid to Mrs Valerie Beckett, who is the wife of the Accounting Officer, for the provision of French lessons. Transactions were at arms length and were in accordance with financial regulations and procurement procedures.

There were no amounts owed to Mrs Beckett at 31 August 2016.

23. CONVERSION TO AN ACADEMY

On 1 July 2015 the Wareham St Mary Primary School, Corfe Castle Primary School and Swanage St Marks Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Saturn Education Trust Limited from the Dorset County Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

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

Saturn Education Trust

**Notes to the Financial Statements - continued
for the Period 7 May 2015 to 31 August 2016**

23. CONVERSION TO AN ACADEMY

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
Leasehold land and buildings	-	-	7,905,075	7,905,075
Budget surplus/(deficit) on LA funds	-	281,364	-	281,364
LGPS pension surplus/(deficit)	-	(499,000)	-	(499,000)
Net assets	-	(217,636)	7,905,075	7,687,439