

Company Registration Number: 07559187 (England & Wales)

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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SOUTH LINCOLNSHIRE ACADEMIES TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Mr W Hawkins
Mr M Preen
Mr D Pickering
Mr P Bryan

Trustees

Mr W Hawkins, Chair of Directors
Mr L Reilly, Executive Headteacher
Mrs L Conley, Deputy Executive Headteacher (appointed 1 September 2016)
Mr J Kirkman
Mr D Pickering
Mr R Immink
Mrs L Dray
Mr P Bryan
Mr M Bryan (resigned 1 September 2016)
Mr S Haigh (resigned 1 September 2016)
Mr R Roberts (resigned 1 September 2016)
Ms K Roche (resigned 1 September 2016)
Ms C Wookey (resigned 1 September 2016)

Company registered number

07559187

Company name

South Lincolnshire Academies Trust

Principal and registered office

Bourne Academy, Edinburgh Crescent, Bourne, Lincs, PE10 9DT

Chief Executive Officer

Mr L Reilly

Operational Rapid Improvement Team

Mr L Reilly, Executive Headteacher
Mrs L Conley, Deputy Executive Headteacher
Mr B Sinclair, Deputy Headteacher
Mr J Hind, Deputy Headteacher
Mr T Martin, Deputy Headteacher
Mrs R LeCaplain, Deputy Headteacher
Mrs E Dilley, Deputy Headteacher
Mrs K Joel, Deputy Headteacher

Independent auditors

Streets Audit LLP, Windsor House, A1 Business Park at Long Bennington, Notts, NG23 5JR

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

Advisers (continued)

Bankers

Lloyds TSB, 8 North Street, Bourne, Lincs, PE10 9ED

Solicitors

Duncan A Pickering, 4 Southfields, Bourne, Lincs, PE10 9TZ

Internal Auditor

SAAF Education, The Engineering Centre, Park Vale Academy, Top Valley Drive, Top Valley, Nottingham, NG5 9AZ

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors (who are also trustees of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of South Lincolnshire Academies Trust (the Multi Academy Trust) for the period 1 September 2016 to 31 August 2017. The Directors confirm that the Annual Report and financial statements of the Multi Academy Trust (MAT) comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2105.

The MAT operates two secondary academies, Bourne Academy and Spalding Academy in Lincolnshire. Both academies are for students aged 11 to 19 serving a catchment area of Lincolnshire.

Bourne Academy has a student capacity of 1,225 and a roll of 1,309 in the school census of October 2017.

Spalding Academy has a student capacity of 1,622 and a roll of 903 in the school census of October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The trust is a company limited by guarantee with no share capital and an exempt charity. The trust was originally incorporated on 10 March 2011, in the name of Bourne RM Academy Ltd and converted to a Multi Academy Trust (MAT) on 1 September 2016 and changed its name to South Lincolnshire Academies Trust. The Charitable Company's memorandum and articles of association are the primary governing documents of the MAT.

Details of the Directors who served throughout the year except are included in the Reference and Administrative Details on page 1.

The Trust is responsible for providing education to students aged 11-19 across two academies. This includes establishing, maintaining, managing and developing a school offering a broad and balanced curriculum.

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.

DIRECTORS' INDEMNITIES

The MAT has insurance through the Risk Protection Agreement (RPA) for academies.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

The articles of association require the members of the charitable company to appoint at least three Members to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

The articles of association require that the Members of the Academy Trust shall comprise:

- the signatories to the Memorandum
- one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- the Chair of the Directors

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

The members' board may appoint up to the maximum of Directors. Directors may be removed by the person or persons who appointed them.

The Directors who were in office at 31 August 2017, and served throughout the period, are listed on page 1.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

All members and Directors are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Director.

All Members and Directors have access to a range of training programmes.

ORGANISATIONAL STRUCTURE

The organisational structure of the MAT consists of three levels; The Members Board, the Board of Directors and the Operational Rapid Improvement Team (ORIT).

The MAT is governed by the Members Board, which delegates functions as appropriate to the Board of Directors who are appointed by the Directors as a committee. Directors are directors of the Charitable Company for the purposes of the Companies Act 2006 and Directors for the purposes of charity legislation. The Directors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the MAT.

The Board of Directors are responsible for setting general policy, adopting an annual School Development Plan (SDP) and budget, monitoring the MAT's use of budgets and making major decisions about the direction of the MAT and senior staff appointments. The Directors are responsible for monitoring the performance of the Executive Headteacher and ORIT on a regular basis.

The ORIT consists of the Executive Headteacher, Deputy Executive Headteacher and six Deputy Headteachers across the two academies.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Academy Pay Policy details the pay and remuneration for key management personnel. Remuneration is determined by performance based on set objectives. There is a remuneration committee in place as a sub-committee of the Board of Directors.

RELATED PARTIES AND OTHER CONNECTED ORGANISATIONS

The trust works closely with its main feeder primary schools, local community organisations and charities and a number of schools within Lincolnshire, but is not part of a wider federation.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

South Lincolnshire Academies Trust principle object is 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, managing and developing a school offering a broad and balanced curriculum.

The aim of the Trust is to provide a quality education in a caring and disciplined community:

- By maintaining the Trusts reputation for excellent examination results;
- By allowing pupils of all abilities to attain their full potential and develop their own special qualities;
- By offering a wide range of extracurricular activities and sports;

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

- By maintaining the high standards and expectations of the schools;
- By developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties;
- By expecting pupils to value all members of the school's community and its environment;
- By allowing pupils to acquire attitudes and skills which enable them to give purposes to their lives and to make a contribution to the wider community.

OBJECTIVES, STRATEGIES AND ACTIVITIES

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

- To ensure that every pupil enjoys the same high-quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with industry and commerce;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

PUBLIC BENEFIT

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. Given the activities of the Trust and the student population that it services, the Directors consider that the company's aims are demonstrably to the public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust had a School Development Plan (SDP) approved by Directors to cover the academic year. This consisted of a 'smart' target plan under the four Ofsted headings of Leadership & Management, (Quality of) Teaching, Achievement and Behaviour & Safety. The main priorities from the 2016-2017 plan are listed below.

Overall aim:

Aspire: To raise the aspiration of all learners.

Challenge: To ensure the quality of teaching, learning & assessment is outstanding overall & never less than consistently good.

Achieve: To ensure that the progress of students from KS2 to 4 and from KS4 to 5 is good to outstanding.

1. LEADERSHIP & MANAGEMENT

Continue to develop our appraisal system & Departmental Development Plans (DDP) to address our SDP priorities & provide training opportunities for staff linked to individual professional development:

- Attend relevant PIXL courses and cascade to staff in school
- Staff PIXL 'futures' group to act as a 'think tank' for the next stage in development in Teaching and Learning at Bourne Academy
- Embed 'Life After Levels' – e.g. using 'Doddle'

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

2. TEACHING, ACHIEVEMENT AND BEHAVIOUR & SAFETY

2a. Quality of Teaching and Learning

Integrate personalised intervention within the teaching cycle / scheme of work, to secure knowledge and move towards mastery. Further develop our feedback strategy by:

- Each department interpreting whole school principles to match the characteristics of their subject
- Introducing 'smarter marking' techniques e.g. codes, symbols, highlighting
- Differentiating tracking & assessment grids for 'C band' / lower ability students
- Making it clear to students what the day-to-day marking strategy is for their workbooks

2b. Student assessment

Continue to embed the consistent provision of effective feedback, at process level where possible – via; green pens (teacher assessment), red pen (self or peer assessment), with purple pen used by students to act upon comments by teacher OR following peer assessment.

The overall effect being to ensure and demonstrate progress over time.

Subject Leaders to ensure that assessment folders are designed to facilitate revision & that they are available for fellow subject leaders across the Trust.

2c. Trust literacy policy

Provide written feedback to students in their assessment books to include:

- Correct spelling of technical terms
- Writing in sentences / paragraphs
- Using capital letters and (usually) full stops

This simplified approach will be continued monitored within work scrutiny.

2d. Quality of teaching, learning and assessment

LESSON PLANNING:

- Ensure that students' 'learning journey' within a lesson and 'over time' is planned and that there are opportunities for independent learning
- Plan key questions in lessons & develop techniques to ensure that all students have the time and opportunity to develop their responses – e.g. 'pose, pause, pounce, bounce' – 'no hands up' (when answering questions not asking them)

LESSON STRUCTURE:

- Ensure that Learning Objectives are transparent or that Success Criteria are specific and understood by students - link to levels/grades at KS4 & 5 where possible; stretch the most able in every class eg via 'some' / 'few'

LESSON OBSERVATION:

- Continue to embed the developmental approach to observations using the SLAT lesson observation template

2e. Outcomes for learners

Reduce underachievement:

- Analyse the progress of all students in each class against their targets
- Show an awareness in each classroom of the following groups: Pupil Premium; FSM; CLA; EAL; SEN, gender and Most Able
- Immediate intervention in cases of underachievement following each AoL point

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

2f. Develop independent learning

- Ensure the completion of homework by all, via departmental systems linked to whole school period 6 provision / sanctions and rewards – e.g. green stamps / prize draw for those who always do their homework, (as with strike cards for uniform)
- In the sixth form, revisit the resourcing and impact on learning of ISLs / study periods (and QA these to ensure consistency across subjects)

2g. Personal development, behaviour and welfare

PSHE:

Further develop the programme for PSHE and RE at KS3, 4 & 5 – to ensure the delivery of the SMSC component of the curriculum and further develop our QA system to review success of PSHE.

BEHAVIOUR:

Eliminate all low level disruption in lessons by firmly and consistently applying the 4 point plan in all lessons and tutor groups.

ABSENCE:

Continue to significantly reduce numbers of persistently absent students and the overall absence level.

REWARDS:

Continue to develop our rewards system through our Houses and faculties / departments.

2h. Communication

Student & Staff Focus Groups:

To develop our self-evaluation, carry out a series of interviews with groups of students and staff in order to provide feedback to staff about what works best for them eg in terms of teaching, learning & assessment, eg through House & Academy councils

Develop Communication using IT systems:

- Launch our new website, to include subject based resources as a 'one stop shop' for students, with a subject 'IT champion'
- Develop subject based online homework system via the VLE / Doodle
- Develop the use of student email addresses to enhance learning
- Further develop MINT class

These processes led to the following results in the summer of 2017:

Bourne Academy

Progress 8 Score -0.06 (National Average = 0.00)

GCSE Grade 4 and above in English & Mathematics 65% (National Average 63%)

A-Level

A*-A = 33.21%

A*-C = 81.55%

Pass Rate 100%

Average BTEC Level 3 Distinction*

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

Spalding Academy

Progress 8 Score -0.03 (National Average = 0.00)

GCSE Grade 4 and above in English & Mathematics 50% (National Average 63%)

Post 16

Average BTEC Level 3 Distinction*-

Ofsted

Bourne Academy was judged to be Good in all aspects by Ofsted in February 2017.

Spalding Academy will receive their first inspection within the next three years.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the MAT 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.

FINANCIAL REVIEW

The trust held fund balances at 31 August 2017 of £24,890,629, comprising £2,159,044 of restricted funds, a fixed asset reserve of £27,134,742, a pension reserve deficit of £4,780,000 and £376,843 of unrestricted general funds.

Most of the trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

During the year ended 31 August 2017, total expenditure of £12,875,630 was more than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of expenditure over income for the period was £166,008.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review there £2,159,044 GAG carried forward. Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2017 this was 80.4% and this will be monitored in future periods.

The trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme.

The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the academy balance sheet shows a net liability of £4,780,000.

RESERVES POLICY

The MAT operate a reserves policy of one month's operating expenditure. The reserves are reviewed regularly and are considered to be sufficient to ensure an appropriate level of funding is held to cover contingency requirements.

At 31 August 2017, free reserves held amount to £376,843 and restricted general funds amount to £2,159,044.

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

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £27,134,742.

The pension fund is in deficit by £4,780,000.

Total funds at 31 August 2017 amount to £24,890,629, and the balance on restricted general funds plus unrestricted general funds at 31 August 2017 results in a net surplus of £2,535,887.

INVESTMENT POLICY

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware of the major risks to which the MAT is exposed. A risk register is managed by regularly reviewing strategic, operational, compliance and financial risks. Specific risks with a higher risk rating include competition risk and the presence of other organisations with similar objects and little cope for differentiation. Insurance risk is closely monitored to ensure there is no financial loss/inability to replace items if the MAT does not have adequate insurance cover. Linked to insurance is the risk of litigation should the MAT not be fully compliant with health and safety legislation.

PLANS FOR FUTURE PERIODS

In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust will continue to work to raise both the aspirations and outcomes of all its students at whatever age, closing gaps between the performances of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The MAT has not acted as a custodian trustee.

AUDITORS

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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.

This report, incorporating the Strategic report, was approved by order of the Directors, as the company directors on 4/12/2017 and signed on the Boards behalf by:



Mr W Hawkins
Chair of Trustees

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the 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 South Lincolnshire Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| | | |
|----------------|---|---|
| Mr W Hawkins | 5 | 5 |
| Mr L Reilly | 5 | 5 |
| Mrs L Conley | 5 | 5 |
| Mr J Kirkman | 4 | 5 |
| Mr D Pickering | 4 | 5 |
| Mr R Immink | 1 | 1 |
| Mrs L Dray | 4 | 5 |
| Mr P Bryan | 4 | 4 |

The Trustees undertook a detailed skills audit as they transitioned to a Multi Academy Trust. The audits continue to be reviewed in order to develop the governance structure and ensure that both Academies have the appropriate skills base. An external governance review is planned for early 2018.

The Audit and Compliance Committee is a sub-committee of the main board of trustees. Its purpose is to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds. To promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement and promote the development of internal controls systems which will help satisfy the Board of Directors that the MAT will achieve its objectives and targets and is operating. The other purposes of the committee are detailed on the terms of reference for the committee.

Attendance at meetings in the year was as follows:

| | | |
|----------------|---|---|
| Mr D Pickering | 3 | 3 |
| Mr J Kirkman | 3 | 3 |
| Mr S Haigh | 3 | 3 |

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher 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 board of trustees 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:

- Ensuring stringent tendering of capital improvement projects;
- The Trusts in-house catering services have the aim of providing excellent catering facilities for both students and staff with a non-profit arrangement. Due to the continual review of purchasing prices, we are able to maintain a varied and healthy seven week menu cycle at prices which have been held for over four years;
- The Bourne Academy uniform shop has a number of suppliers to ensure we receive best value and quality. Parents have not seen an increase in price in over four years. This is achieved by effective management of the various items for sale and negotiating the supplier's prices;
- The Trust regularly takes opportunities to work collaboratively.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 South Lincolnshire Academies Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the 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 Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 board of trustees;
- regular reviews by the Audit and Compliance 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.

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GOVERNANCE STATEMENT (continued)

- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint SAAF as internal auditor.

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

- Income;
- Purchasing;
- Staff expenses;
- Charge card transactions;
- Payroll;
- Bank and cash.

On a quarterly basis, the internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

SAAF undertook six audit visits across the Trust. They delivered their planned schedule of work in line within the parameters directed in the Academies Financial Handbook. No material control issues were highlighted.

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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 4/12/2017 and signed on their behalf, by:



Mr W Hawkins
Chair of Trustees



Mr L Reilly
Accounting Officer

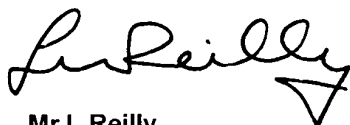
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mr L Reilly
Accounting Officer
4/12/2017

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of South Lincolnshire Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 4/12/2017 and signed on its behalf by:



Mr W Hawkins
Chair of Trustees

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH LINCOLNSHIRE ACADEMIES TRUST

OPINION

We have audited the financial statements of South Lincolnshire Academies Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH LINCOLNSHIRE ACADEMIES TRUST

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH LINCOLNSHIRE ACADEMIES TRUST

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at Long Bennington
Notts
NG23 5JR

Date: 20.12.2017

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTH LINCOLNSHIRE ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 October 2017 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 South Lincolnshire Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF SOUTH LINCOLNSHIRE ACADEMIES TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The Accounting Officer is responsible, under the requirements of South Lincolnshire Academies Trust's funding agreement with the Secretary of State for Education dated 10 March 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain *limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017*. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTH
LINCOLNSHIRE ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

CONCLUSION

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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at Long Bennington
Notts
NG23 5JR

Date: 26.11.2017

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 147,415 | (1,898,275) | 14,483,247 | 12,732,387 | 34,520 |
| Charitable activities | 3 | 441,594 | 12,692,992 | - | 13,134,586 | 6,701,669 |
| Other trading activities | 4 | 138,803 | 6,068 | - | 144,871 | 64,085 |
| Investments | 5 | 3,209 | - | - | 3,209 | 2,754 |
| TOTAL INCOME | | 731,021 | 10,800,785 | 14,483,247 | 26,015,053 | 6,803,028 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 99,655 | 4,411 | - | 104,066 | 41,556 |
| Charitable activities | | 498,985 | 13,342,219 | 83,985 | 13,925,189 | 6,931,692 |
| TOTAL EXPENDITURE | 7 | 598,640 | 13,346,630 | 83,985 | 14,029,255 | 6,973,248 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 19 | 132,381 27,886 | (2,545,845) (233,015) | 14,399,262 205,129 | 11,985,798 - | (170,220) - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 160,267 | (2,778,860) | 14,604,391 | 11,985,798 | (170,220) |
| Actuarial gains/(losses) on defined benefit pension schemes | 24 | - | 1,934,000 | - | 1,934,000 | (799,000) |
| NET MOVEMENT IN FUNDS | | 160,267 | (844,860) | 14,604,391 | 13,919,798 | (969,220) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 216,576 | (1,776,096) | 12,530,351 | 10,970,831 | 11,940,051 |
| TOTAL FUNDS CARRIED FORWARD | | 376,843 | (2,620,956) | 27,134,742 | 24,890,629 | 10,970,831 |

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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REGISTERED NUMBER: 07559187

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|--|------|-------------|-------------------|----------------|-------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 13 | | 20,692 | | 28,358 |
| Tangible assets | 14 | | 27,114,050 | | 12,545,560 |
| | | | <u>27,134,742</u> | | <u>12,573,918</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 27,416 | | 27,886 | |
| Debtors | 16 | 451,852 | | 183,279 | |
| Cash at bank and in hand | | 3,168,948 | | 612,774 | |
| | | | <u>3,648,216</u> | <u>823,939</u> | |
| CREDITORS: amounts falling due within one year | 17 | (1,021,559) | | (306,026) | |
| NET CURRENT ASSETS | | | <u>2,626,657</u> | | <u>517,913</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>29,761,399</u> | | <u>13,091,831</u> |
| CREDITORS: amounts falling due after more than one year | 18 | | (90,770) | | - |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | <u>29,670,629</u> | | <u>13,091,831</u> |
| Defined benefit pension scheme liability | 24 | | (4,780,000) | | (2,121,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>24,890,629</u> | | <u>10,970,831</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 19 | 2,159,044 | | 344,904 | |
| Restricted fixed asset funds | 19 | 27,134,742 | | 12,530,351 | |
| Restricted income funds excluding pension liability | | 29,293,786 | | 12,875,255 | |
| Pension reserve | | (4,780,000) | | (2,121,000) | |
| Total restricted income funds | | | <u>24,513,786</u> | | <u>10,754,255</u> |
| Unrestricted income funds | 19 | | 376,843 | | 216,576 |
| TOTAL FUNDS | | | <u>24,890,629</u> | | <u>10,970,831</u> |

The financial statements on pages 20 to 50 were approved by the Trustees, and authorised for issue, on 4/12/2017 and are signed on their behalf, by:

Mr W Hawkins
Chair of Trustees

W B Hawkins

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 21 | <u>2,850,253</u> | <u>(19,643)</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 3,209 | 2,754 |
| Proceeds from the sale of tangible fixed assets | | 588 | - |
| Purchase of tangible fixed assets | | (297,876) | (130,000) |
| Purchase of intangible fixed assets | | - | (28,358) |
| Net cash used in investing activities | | <u>(294,079)</u> | <u>(155,604)</u> |
| Change in cash and cash equivalents in the year | | 2,556,174 | (175,247) |
| Cash and cash equivalents brought forward | | <u>612,774</u> | <u>788,021</u> |
| Cash and cash equivalents carried forward | | <u>3,168,948</u> | <u>612,774</u> |

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

South Lincolnshire Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within Income and donations and capital grants.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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 allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------|---|-------------------|
| Computer software | - | 25% straight line |
|-------------------|---|-------------------|

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

| | | |
|----------------------------------|---|-------------------|
| Freehold property | - | Not depreciated |
| L/Term Leasehold Property | - | Not depreciated |
| Motor vehicles | - | 25% straight line |
| Fixtures, fittings and equipment | - | 10% straight line |
| Computer equipment | - | 25% straight line |

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

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

The trust incurs significant repair and replacement costs such that the Trustees believe the property's residual value is not materially different to the cost. Accordingly no depreciation is charged.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

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

1.13 Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

1.15 Fund accounting

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

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

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

As explained in note 1.6 above, the Academy incurs significant repair and replacement costs such that the Trustees believe the property's residual value is not materially different to the cost. Accordingly no depreciation is charged.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Transfer of existing academy into the trust | 147,415 | (1,908,837) | 14,347,521 | 12,586,099 | - |
| Capital Grants | - | - | 135,726 | 135,726 | 26,134 |
| Other donations | - | 10,562 | - | 10,562 | 8,386 |
| | <u>147,415</u> | <u>(1,898,275)</u> | <u>14,483,247</u> | <u>12,732,387</u> | <u>34,520</u> |
| Total 2016 | - | 8,386 | 26,134 | 34,520 | |

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 11,478,997 | 11,478,997 | 5,849,290 |
| Other DfE/ESFA Grants | - | 504,841 | 504,841 | 201,774 |
| | - | 11,983,838 | 11,983,838 | 6,051,064 |
| Other government grants | | | | |
| Local authority grants | - | 222,611 | 222,611 | 208,079 |
| | - | 222,611 | 222,611 | 208,079 |
| Other funding | | | | |
| Catering income | 396,982 | - | 396,982 | 241,750 |
| Trip income | - | 295,076 | 295,076 | 111,426 |
| Other income | 44,612 | 191,467 | 236,079 | 89,350 |
| | 441,594 | 486,543 | 928,137 | 442,526 |
| | 441,594 | 12,692,992 | 13,134,586 | 6,701,669 |
| Total 2016 | 266,870 | 6,434,799 | 6,701,669 | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 36,232 | 6,068 | 42,300 | 17,980 |
| Catering | 35,378 | - | 35,378 | 449 |
| Other income | 5,147 | - | 5,147 | 1,358 |
| Uniform shop sales | 62,046 | - | 62,046 | 44,298 |
| | 138,803 | 6,068 | 144,871 | 64,085 |
| Total 2016 | 64,085 | - | 64,085 | |

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5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 3,209 | - | 3,209 | 2,754 |
| <i>Total 2016</i> | <i>2,754</i> | <i>-</i> | <i>2,754</i> | |

6. CHARITABLE ACTIVITIES

| | 2017 £ | 2016 £ |
|----------------------|-------------------|------------------|
| DIRECT COSTS | | |
| Wages and salaries | 7,734,707 | 3,894,341 |
| National insurance | 683,859 | 330,884 |
| Pension costs | 1,095,115 | 587,332 |
| Depreciation | 75,784 | 64,620 |
| Other direct costs | 1,106,114 | 532,170 |
| | 10,695,579 | 5,409,347 |
| SUPPORT COSTS | | |
| Wages and salaries | 1,035,906 | 406,568 |
| National insurance | 64,289 | 21,991 |
| Pension costs | 508,864 | 130,841 |
| Amortisation | 7,666 | 2,305 |
| Technology costs | 56,156 | 6,745 |
| Premises costs | 828,281 | 393,050 |
| Other support costs | 689,660 | 534,321 |
| Governance costs | 38,788 | 26,524 |
| | 3,229,610 | 1,522,345 |
| | 13,925,189 | 6,931,692 |

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7. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Expenditure on fundraising trading | 34,751 | 5,720 | 63,595 | 104,066 | 41,556 |
| Academy's educational operations: | | | | | |
| Direct costs | 9,513,681 | - | 1,181,898 | 10,695,579 | 5,409,347 |
| Support costs | 1,609,060 | 828,281 | 792,269 | 3,229,610 | 1,522,345 |
| | <u>11,157,492</u> | <u>834,001</u> | <u>2,037,762</u> | <u>14,029,255</u> | <u>6,973,248</u> |
| <i>Total 2016</i> | <u>5,376,796</u> | <u>393,050</u> | <u>1,203,402</u> | <u>6,973,248</u> | |

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 75,784 | 64,620 |
| Amortisation of intangible fixed assets | 7,666 | 2,305 |
| Auditors' remuneration - audit | 9,275 | 7,675 |
| Auditors' remuneration - other services | 1,413 | 538 |
| Internal audit costs | 3,450 | 1,500 |
| Operating lease | <u>25,194</u> | <u>10,612</u> |

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9. STAFF COSTS

Staff costs were as follows:

| | 2017 £ | 2016 £ |
|--|--------------------------|-------------------------|
| Wages and salaries | 7,783,674 | 4,204,287 |
| Social security costs | 749,788 | 352,878 |
| Operating costs of defined benefit pension schemes | 1,603,979 | 718,173 |
| | <u>10,137,441</u> | <u>5,275,338</u> |
| Apprenticeship levy | 9,749 | - |
| Supply teacher costs | 694,906 | 90,958 |
| Staff restructuring costs | 315,396 | 10,500 |
| | <u><u>11,157,492</u></u> | <u><u>5,376,796</u></u> |

Spalding Academy had extensive supply teachers due to the inability to recruit suitably qualified teachers. This issue has now been resolved due to recruitment through the Trust.

Staff restructuring costs comprise:

| | 2017 £ | 2016 £ |
|---------------------|-----------------------|----------------------|
| Redundancy payments | 95,596 | - |
| Severance payments | 219,800 | 10,500 |
| | <u><u>315,396</u></u> | <u><u>10,500</u></u> |

Included in staff costs are non-statutory severance payments of £219,800 (2016 - £10,500).

Individually, the payments were: £46,000, £36,000, £36,000, £25,000, £15,500, £13,500, £13,500, £13,000, £11,800 and £9,500.

The redundancy payments relate to a restructure at Spalding Academy undertaken by the previous trust, but payments were made to individuals after the Academy transferred. All severance payments relate to Spalding Academy. This was due to a leadership and management restructure to enable significant cost savings and in order to make the necessary change to improve standards.

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

| | 2017 No. | 2016 No. |
|----------------------------|-------------------|-------------------|
| Teachers | 155 | 85 |
| Administration and Support | 138 | 70 |
| Management | 9 | 11 |
| | <u><u>302</u></u> | <u><u>166</u></u> |

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FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS (continued)

Average headcount expressed as a full time equivalent:

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Teachers | 145 | 80 |
| Administration and Support | 102 | 49 |
| Management | 9 | 11 |
| | <u>256</u> | <u>140</u> |

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

| | 2017 No. | 2016 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 5 | 1 |
| In the band £80,001 - £90,000 | 0 | 1 |
| In the band £100,001 - £110,000 | 1 | 1 |
| In the band £120,001 - £130,000 | 1 | 0 |

The above employees participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the staff trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £728,653 (2016 - £543,197).

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

10. CENTRAL SERVICES

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

- Operational Rapid Improvement Team - leadership model across the trust as well as some other non-salary costs

The Academy charges for these services on the following basis:

The charges are currently based on forecasted expenditure for the year, rather than a 'top slice' amount depending on Ofsted category.

In 2016/17 the contribution paid by Bourne Academy was 60% and Spalding Academy contributed 40%.

In 2017/18 the contribution paid by Bourne Academy is 40% and Spalding Academy 60%.

The split will be 50% for each academy from 2018/19 onwards.

The actual amounts charged during the year were as follows:

| | 2017 | 2016 |
|------------------|---------|-------|
| | £ | £ |
| Bourne Academy | 584,411 | - |
| Spalding Academy | 354,996 | - |
| | <hr/> | <hr/> |
| Total | 939,407 | <hr/> |
| | <hr/> | <hr/> |

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

11. TRUSTEES' REMUNERATION AND EXPENSES

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

| | | 2017 | 2016 |
|--------------|----------------------------|-----------------|-----------------|
| | | £ | £ |
| Mr L Reilly | Remuneration | 125,000-130,000 | 100,000-105,000 |
| | Pension contributions paid | nil | 5,000-10,000 |
| Mrs K Roche | Remuneration | nil | 20,000-25,000 |
| | Pension contributions paid | nil | 0-5,000 |
| Mr M Bryan | Remuneration | nil | 30,000-35,000 |
| | Pension contributions paid | nil | nil |
| Mrs L Conley | Remuneration | 100,000-105,000 | nil |
| | Pension contributions paid | 15,000-20,000 | nil |

During the year ended 31 August 2017, expenses totalling £3,181 (2016 - £NIL) were reimbursed to 2 Trustees (2016 - 0).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

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

13. INTANGIBLE FIXED ASSETS

| | Computer software £ |
|--|---------------------------|
| Cost | |
| At 1 September 2016 and 31 August 2017 | 30,663 |
| Amortisation | |
| At 1 September 2016 | 2,305 |
| Charge for the year | 7,666 |
| At 31 August 2017 | 9,971 |
| Carrying amount | |
| At 31 August 2017 | 20,692 |
| At 31 August 2016 | 28,358 |

14. TANGIBLE FIXED ASSETS

| | Leasehold property £ | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ |
|------------------------------------|----------------------------|---------------------------|------------------------|-------------------------------|----------------------------|
| Cost | | | | | |
| At 1 September 2016 | 12,419,571 | - | 28,500 | 101,360 | 226,328 |
| Additions | 88,480 | 147,892 | - | 22,079 | 39,425 |
| Transfer of academy into the trust | - | 14,194,016 | 13,784 | 134,299 | 5,422 |
| Disposals | - | - | - | (1,663) | (4,250) |
| At 31 August 2017 | 12,508,051 | 14,341,908 | 42,284 | 256,075 | 266,925 |
| Depreciation | | | | | |
| At 1 September 2016 | - | - | 28,500 | 26,110 | 175,589 |
| Charge for the year | - | - | 3,446 | 25,610 | 46,728 |
| On disposals | - | - | - | (540) | (4,250) |
| At 31 August 2017 | - | - | 31,946 | 51,180 | 218,067 |
| Net book value | | | | | |
| At 31 August 2017 | 12,508,051 | 14,341,908 | 10,338 | 204,895 | 48,858 |
| At 31 August 2016 | 12,419,571 | - | - | 75,250 | 50,739 |

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**NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS (continued)

| | Total £ |
|------------------------------------|--------------------------|
| Cost | |
| At 1 September 2016 | 12,775,759 |
| Additions | 297,876 |
| Transfer of academy into the trust | 14,347,521 |
| Disposals | (5,913) |
| At 31 August 2017 | <u>27,415,243</u> |
| Depreciation | |
| At 1 September 2016 | 230,199 |
| Charge for the year | 75,784 |
| On disposals | (4,790) |
| At 31 August 2017 | <u>301,193</u> |
| Net book value | |
| At 31 August 2017 | <u><u>27,114,050</u></u> |
| At 31 August 2016 | <u><u>12,545,560</u></u> |

The Academy's transactions relating to land and buildings included:

- the acquisition of the freehold of Spalding Academy which was transferred to the trust at a value of £14,194,016.

15. STOCKS

| | 2017 £ | 2016 £ |
|----------------|----------------------|----------------------|
| Uniform stock | 26,095 | 26,774 |
| Catering stock | 1,321 | 1,112 |
| | <u><u>27,416</u></u> | <u><u>27,886</u></u> |

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16. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 97,322 | 17,896 |
| Other debtors | 120,122 | 43,991 |
| Prepayments and accrued income | 234,408 | 121,392 |
| | <u>451,852</u> | <u>183,279</u> |

17. CREDITORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|----------------|
| Other loans | 5,927 | - |
| Trade creditors | 204,852 | 56,669 |
| Other taxation and social security | 188,844 | 111,880 |
| Other creditors | 445,204 | 13,479 |
| Accruals and deferred income | 176,732 | 123,998 |
| | <u>1,021,559</u> | <u>306,026</u> |

| | 2017 £ | 2016 £ |
|--------------------------------------|---------------|---------------|
| Deferred income | | |
| Deferred income at 1 September 2016 | 65,229 | 79,820 |
| Resources deferred during the year | 93,690 | 65,229 |
| Amounts released from previous years | (65,229) | (79,820) |
| Deferred income at 31 August 2017 | <u>93,690</u> | <u>65,229</u> |

Deferred income relates to various trips/music lesson income received in advance.

Included in other loans is a loan of £5,927 from Lincolnshire County Council (Salix) which is provided on the following terms:

- repayable in 6 monthly installments;
- interest is charged at base rate plus 3%;
- the loan is due to mature in 2029.

18. CREDITORS: Amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|-------------|---------------|-----------|
| Other loans | <u>90,770</u> | <u>-</u> |

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FOR THE YEAR ENDED 31 AUGUST 2017**

18. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

| | 2017 £ | 2016 £ |
|--------------------------|---------------|-----------|
| Repayable by instalments | <u>63,663</u> | <u>-</u> |

Included in other loans is a loan of £90,770 from Lincolnshire County Council (Salix) which is provided on the following terms:

- repayable in 6 monthly installments;
- interest is charged at base rate plus 3%;
- the loan is due to mature in 2029.

19. STATEMENT OF FUNDS

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|----------------------------|---|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | <u>216,576</u> | <u>731,021</u> | <u>(598,640)</u> | <u>27,886</u> | <u>-</u> | <u>376,843</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 344,904 | 13,692,160 | (11,645,005) | (233,015) | - | 2,159,044 |
| Other Restricted Funds | - | 1,230,625 | (1,230,625) | - | - | - |
| Pension Reserve | (2,121,000) | (4,122,000) | (471,000) | - | 1,934,000 | (4,780,000) |
| | <u>(1,776,096)</u> | <u>10,800,785</u> | <u>(13,346,630)</u> | <u>(233,015)</u> | <u>1,934,000</u> | <u>(2,620,956)</u> |

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19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

| | | | | | | |
|--|-------------------|-------------------|---------------------|-----------------|------------------|-------------------|
| Transfer from Local Authority on conversion | 10,752,374 | 14,347,521 | (18,173) | - | - | 25,081,722 |
| DfE/ESFA capital grants | 421,134 | 50,226 | - | - | - | 471,360 |
| Other government grants | 409,682 | 85,500 | - | - | - | 495,182 |
| Capital expenditure from other sources including GAG | 947,161 | - | (65,812) | 205,129 | - | 1,086,478 |
| | <u>12,530,351</u> | <u>14,483,247</u> | <u>(83,985)</u> | <u>205,129</u> | <u>-</u> | <u>27,134,742</u> |
| Total restricted funds | <u>10,754,255</u> | <u>25,284,032</u> | <u>(13,430,615)</u> | <u>(27,886)</u> | <u>1,934,000</u> | <u>24,513,786</u> |
| Total of funds | <u>10,970,831</u> | <u>26,015,053</u> | <u>(14,029,255)</u> | <u>-</u> | <u>1,934,000</u> | <u>24,890,629</u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2015 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2016 £ |
|----------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 324,406 | 333,709 | (307,128) | (134,411) | - | 216,576 |
| | <u>324,406</u> | <u>333,709</u> | <u>(307,128)</u> | <u>(134,411)</u> | <u>-</u> | <u>216,576</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 409,914 | 5,849,290 | (5,914,300) | - | - | 344,904 |
| Other Restricted Funds | - | 593,895 | (593,895) | - | - | - |
| Pension Reserve | (1,231,000) | - | (91,000) | - | (799,000) | (2,121,000) |
| | <u>(821,086)</u> | <u>6,443,185</u> | <u>(6,599,195)</u> | <u>-</u> | <u>(799,000)</u> | <u>(1,776,096)</u> |

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19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

| | | | | | | |
|--|-------------------|------------------|--------------------|----------------|------------------|-------------------|
| Transfer from Local Authority on conversion | 10,754,749 | - | (2,375) | - | - | 10,752,374 |
| DfE/ESFA capital grants | 395,000 | 26,134 | - | - | - | 421,134 |
| Other government grants | 409,682 | - | - | - | - | 409,682 |
| Capital expenditure from other sources including GAG | 877,300 | - | (64,550) | 134,411 | - | 947,161 |
| | <u>12,436,731</u> | <u>26,134</u> | <u>(66,925)</u> | <u>134,411</u> | <u>-</u> | <u>12,530,351</u> |
| Total restricted funds | <u>11,615,645</u> | <u>6,469,319</u> | <u>(6,666,120)</u> | <u>134,411</u> | <u>(799,000)</u> | <u>10,754,255</u> |
| Total of funds | <u>11,940,051</u> | <u>6,803,028</u> | <u>(6,973,248)</u> | <u>-</u> | <u>(799,000)</u> | <u>10,970,831</u> |

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

Unrestricted Funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset Funds

Transfer from former school represents the land, buildings and assets transferred to the Academy from the Local Authority upon conversion.

DfE/ESFA capital grants relates to an ESFA Capital Maintenance Grant received.

Other government grants relates to a Section 106 grant from the Local Authority for four new classrooms.

Capital expenditure from other sources represents fixed asset expenditure transferred from other restricted and unrestricted income including GAG.

Restricted Revenue Funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Transfers between funds represent the use of brought forward free reserves being used to fund capital expenditure.

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19. STATEMENT OF FUNDS (continued)

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2017 results in a net surplus of £2,535,887.

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 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £ | <i>Total 2016 £</i> |
|---|-----------------------------|-----------------------------|
| Bourne Academy | 444,500 | 561,480 |
| Spalding Academy | 2,091,387 | - |
| Total before fixed asset fund and pension reserve | 2,535,887 | 561,480 |
| Restricted fixed asset fund | 27,134,742 | 12,530,351 |
| Pension reserve | (4,780,000) | (2,121,000) |
| Total | 24,890,629 | 10,970,831 |

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2017 £ | <i>Total 2016 £</i> |
|------------------|---|--|---------------------------------------|---|-----------------------------|-----------------------------|
| Bourne Academy | 4,255,339 | 739,444 | 680,716 | 889,490 | 6,564,989 | 6,906,323 |
| Spalding Academy | 4,404,085 | 827,030 | 425,398 | 784,361 | 6,440,874 | - |
| SLAT | 854,257 | 77,337 | - | 7,813 | 939,407 | - |
| | 9,513,681 | 1,643,811 | 1,106,114 | 1,681,664 | 13,945,270 | 6,906,323 |

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NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Intangible fixed assets | - | - | 20,692 | 20,692 |
| Tangible fixed assets | - | - | 27,114,050 | 27,114,050 |
| Current assets | 376,843 | 3,271,373 | - | 3,648,216 |
| Creditors due within one year | (344,403) | (677,156) | - | (1,021,559) |
| Creditors due in more than one year | 344,403 | (435,173) | - | (90,770) |
| Provisions for liabilities and charges | - | (4,780,000) | - | (4,780,000) |
| | <u>376,843</u> | <u>(2,620,956)</u> | <u>27,134,742</u> | <u>24,890,629</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Intangible fixed assets | - | - | 28,358 | 28,358 |
| Tangible fixed assets | - | - | 12,545,560 | 12,545,560 |
| Current assets | 216,576 | 607,363 | - | 823,939 |
| Creditors due within one year | - | (262,459) | (43,567) | (306,026) |
| Provisions for liabilities and charges | - | (2,121,000) | - | (2,121,000) |
| | <u>216,576</u> | <u>(1,776,096)</u> | <u>12,530,351</u> | <u>10,970,831</u> |

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21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2017 £ | 2016 £ |
|--|------------------|-----------------|
| Net income/(expenditure) for the year (as per Statement of Financial Activities) | 11,985,798 | (170,220) |
| Adjustment for: | | |
| Depreciation charges | 83,450 | 64,620 |
| Gains on investments | 535 | - |
| Dividends, interest and rents from investments | (3,209) | (2,754) |
| Decrease/(increase) in stocks | 470 | (8,344) |
| Increase in debtors | (268,573) | (40,442) |
| Increase in creditors | 806,303 | 46,497 |
| Defined benefit pension scheme cost less contributions payable | 337,000 | 43,000 |
| Defined benefit pension scheme finance cost | 134,000 | 48,000 |
| Assets and liabilities on transfer of existing academy into trust | (10,225,521) | - |
| Net cash provided by/(used in) operating activities | 2,850,253 | (19,643) |

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|--------------|------------------|----------------|
| Cash in hand | 3,168,948 | 612,774 |
| Total | 3,168,948 | 612,774 |

23. CONTINGENT LIABILITIES

The Academy had no contingent liabilities at the 31 August 2017.

In the event of South Lincolnshire Academies Trust ceasing to operate as an academy provisions are included in the funding agreement relating to the clawback of assets and monies paid to the academy.

24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £68,764 were payable to the schemes at 31 August 2017 (2016 - £nil) and are included within creditors.

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24. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £857,047 (2016 - £492,922).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £578,000 (2016 - £252,000), of which employer's contributions totalled £455,000 (2016 - £196,000) and employees' contributions totalled £123,000 (2016 - £56,000). The agreed contribution rates for future years are 19.4% for employers and various% 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.
Lincolnshire Pension Fund

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|---------|---------|
| Discount rate for scheme liabilities | 2.40 % | 2.10 % |
| Rate of increase in salaries | 2.80 % | 3.60 % |
| Rate of increase for pensions in payment / inflation | 2.50 % | 2.10 % |
| Commutation of pensions to lump sums | 75.00 % | 63.00 % |

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

| | 2017 | 2016 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.1 | 22.2 |
| Females | 24.4 | 24.4 |
| Retiring in 20 years | | |
| Males | 24.1 | 24.5 |
| Females | 26.6 | 26.8 |

| | At 31 August 2017 £ | At 31 August 2016 £ |
|--|---------------------------|---------------------------|
| Sensitivity analysis | | |
| Discount rate +0.1% | 284,000 | 116,000 |
| Mortality assumption - 1 year increase | 329,000 | 124,000 |

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|------------------------------|---|---|
| Equities | 4,825,000 | 1,550,000 |
| Gilts | - | - |
| Corporate bonds | 742,000 | 262,000 |
| Property | 557,000 | 201,000 |
| Cash and other liquid assets | 62,000 | - |
| Total market value of assets | <u>6,186,000</u> | <u>2,013,000</u> |

The actual return on scheme assets was £568,000 (2016 - £254,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

| | 2017 £ | 2016 £ |
|--------------------------------|------------------|------------------|
| Current service cost | (773,000) | (239,000) |
| Past service cost | (19,000) | - |
| Interest income | (245,000) | (108,000) |
| Interest cost | 111,000 | 60,000 |
| Total | <u>(926,000)</u> | <u>(287,000)</u> |
| Actual return on scheme assets | <u>568,000</u> | <u>254,000</u> |

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

| | 2017 £ | 2016 £ |
|--|-------------------|------------------|
| Opening defined benefit obligation | 4,134,000 | 2,691,000 |
| Transferred in on existing academies joining the trust | 7,118,000 | - |
| Current service cost | 773,000 | 239,000 |
| Interest cost | 245,000 | 108,000 |
| Employee contributions | 123,000 | 56,000 |
| Actuarial (gains)/losses | (1,366,000) | 1,053,000 |
| Benefits paid | (80,000) | (13,000) |
| Past service costs | 19,000 | - |
| Closing defined benefit obligation | <u>10,966,000</u> | <u>4,134,000</u> |

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24. PENSION COMMITMENTS (continued)

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

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Opening fair value of scheme assets | 2,013,000 | 1,460,000 |
| Transferred in on existing academies joining the trust | 2,996,000 | - |
| Interest income | 111,000 | 60,000 |
| Actuarial losses | 568,000 | 254,000 |
| Employer contributions | 455,000 | 196,000 |
| Employee contributions | 123,000 | 56,000 |
| Benefits paid | (80,000) | - |
| | <u>6,186,000</u> | <u>2,013,000</u> |
| Closing fair value of scheme assets | <u>6,186,000</u> | <u>2,013,000</u> |

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £ | 2016 £ |
|-------------------------|---------------|---------------|
| Amounts payable: | | |
| Within 1 year | 19,296 | 10,798 |
| Between 1 and 5 years | 7,825 | 6,701 |
| Total | <u>27,121</u> | <u>17,499</u> |

26. MEMBERS' LIABILITY

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

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27. RELATED PARTY TRANSACTIONS

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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Duncan Pickering, a trustee, has provided legal services to the trust as a solicitor via his solicitor's practice Duncan A Pickering Solicitor. Transactions totalling £2,500 (2016 - £nil) relating to the transfer of Spalding Academy into the trust took place in the year. There were no amounts outstanding.

Warners Group Publications, a business connected to W Hawkins, a trustee, received £280 (2016 - £350) from the academy for rewards postcards. No amount was outstanding at the year end.

28. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £42,024 and disbursed £14,057 from the fund. An amount of £27,372 is included in other creditors relating to undistributed funds that is repayable to ESFA.

29. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

Spalding Academy

| | Value reporting by transferring trust | Fair value adjustments | Transfer in recognised |
|---------------------------------------|---|---------------------------|---------------------------|
| | £ | £ | £ |
| Tangible fixed assets | | | |
| Freehold property | 9,555,419 | 4,178,581 | 13,734,000 |
| Other fixed assets | 410,587 | 202,934 | 613,521 |
| Stock | 14,851 | - | 14,851 |
| Debtors due within one year | 67,032 | - | 67,032 |
| Cash in bank and in hand | 2,864,487 | - | 2,864,487 |
| Liabilities | | | |
| Creditors due within one year | (478,160) | (7,632) | (485,792) |
| Creditors due after one year | (100,000) | - | (100,000) |
| Pensions | | | |
| Pensions - pension scheme assets | 2,996,000 | - | 2,996,000 |
| Pensions - pension scheme liabilities | (7,118,000) | - | (7,118,000) |
| Net assets | 8,212,216 | 4,373,883 | 12,586,099 |