

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 2018

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SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 49

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Mr W Hawkins
Mr M Preen (resigned 6 November 2018)
Mr D Pickering
Mr P Bryan (resigned 12 October 2018)
Mrs L Dray (appointed 18 October 2018)

Trustees

Mr W Hawkins, Chair of Directors
Mr L Reilly, Executive Headteacher
Mrs L Conley, Deputy Executive Headteacher
Mr J Kirkman
Mr D Pickering
Mr R Immink
Mrs L Dray (resigned 15 October 2018)
Mr J Stokes (appointed 29 September 2018)
Mr S Haigh (appointed 1 October 2018)

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

Bankers

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Internal Auditor

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Multi-Academy Trust (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 1,345 in the school census of October 2018.

Spalding Academy has a student capacity of 1,622 and a roll of 1,009 in the school census of October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of South Lincolnshire Academies Trust are also the directors of the charitable company for the purpose of company law.

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

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

The Academy Trust has purchased insurance through the ESFA's Risk Protection Arrangement to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The articles of association require the members of the charitable company to appoint at least three trustees 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 until they resign or otherwise cease to be members; and
- any person appointed under Article 15A.

No employee of the Academy Trust shall be a member of the Academy Trust.

Article 15A - the members may agree by passing a special resolution to appoint such additional members as they see fit.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

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

All trustees have access to a range of training programmes.

ORGANISATIONAL STRUCTURE

The organisational structure of the MAT consist 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.

PAY POLICY FOR 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.

TRADE UNION FACILITY TIME

The academy trust had one employee who was a relevant union official during the year. They spent 100% of time on facility time however their costs were fully reimbursed by the union so there was no cost to the trust.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND 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;
- 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 2018 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.

There is significant public benefit arising from SLAT's two secondary schools. In recent years, Bourne Academy has offered a viable alternative to selective education in Bourne and district. Since September 2016, a similar situation has been created at Spalding Academy, which operates on a similar model to Bourne Academy, with shared leadership. Confidence in the Trust's sponsorship of Spalding Academy has quickly been established and numbers have grown to meet the Pupil Admission Number of 270 in the September 2018 Year 7 intake,

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

with this set to be repeated in 2019.

Spalding Academy was voted Secondary School of the Year Award in 2018 at the Lincolnshire Free Press and Spalding Guardian Education Awards. Following the successful results in the summer and subsequent increase in progress score in both schools, the Rt Hon John Hayes CBE MP was recently quoted in the press;

"It's really pleasing to see the performance of Spalding Academy as I have been a supporter of the school for a long time. These results are a great tribute to the leadership as well as the whole school community, Governors, Parents and most of all the Students who have achieved this strong standing. Its leadership team have confirmed what we all knew, that a non-selective school can do really well when real change happens."

Our Trust Spiritual, Moral, Social and Cultural (SMSC) programme is embedded in every aspect of school life and demonstrates how well we support and promote British values. Both schools are outward looking and have a strong emphasis on preparing students to be responsible citizens as they progress through the school and beyond.

The 6th Form at Bourne Academy offers a well-rounded mix of qualifications, which is a popular choice by students living in Bourne, the surrounding villages and students at Spalding Academy.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust had a School Development Plan (SDP) approved by Directors to cover the academic year. The current educational priorities for 2018-19, established towards the end of the 2017-18 academic year, are listed below.

- Map SDP and DDP (Departmental Development Plan) priorities against individual TLR (Teaching and Learning Responsibilities) and/or UPS (Upper Pay Spine) responsibilities, appraisal targets and CPD (Continuing Professional Development) areas of focus to ensure that annual departmental development is optimised
- Ensure the STRUCTURE of the departmental SoW (Scheme of Work) meets the needs of the subject and the most/least able students
- Use success criteria to ensure that lessons are differentiated
- Departments to re-assess their intervention procedures for intervening with underachieving students at all key stages
- Review SLAT's homework policy & practice using 'Ruler' software effectively to improve its setting, monitoring and communication (to parents)
- Develop departmental:
 - schemes of work, to include teaching methodology, key questions, assessment & homework as well as content
 - online learning eg via GCSEpod, Weebly websites
- Ensure consistent delivery of our PSHE (Personal Social Health Education) / SMSC (Spiritual Moral Social Cultural) programmes

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trust's two schools achieved the following results in the summer of 2018:

Bourne Academy

Key Stage 4

Progress 8 Score +0.26 – 'above average'

Post 16

A Level value added was -0.08 ie in line with the national average

Applied General (BTEC Level 3) value added +0.31 – 'above average'

Spalding Academy

Key Stage 4

Progress 8 Score +0.16 (National Average = 0.00)

Ofsted

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

Spalding Academy was inspected on 19 October 2016, having been transferred from CfBT to SLAT on 1 September 2016. Based on the performance over the past three years as the Sir John Gleed School, the school was judged to be inadequate. The 2016 'Progress 8' measure for the (previous) school was -0.41 in 2016. It rose to -0.05 in 2017 and +0.16 in 2018. It is not clear when the school will receive its next inspection but, having achieved the second highest Progress 8 score in 2018 for a mixed secondary modern school in Lincolnshire (the highest being the other SLAT school ie Bourne Academy, with +0.26), the school will self-evaluate as a 'good' school within the Ofsted Framework criteria.

GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the 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 2018 of £25,733,717, comprising £1,550,794 of restricted funds, a fixed asset reserve of £27,555,156, a pension reserve deficit of £3,782,000 and £409,767 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 year ended 31 August 2018 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

During the year ended 31 August 2018, total expenditure of £12,192,627 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 £636,737.

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 year under review, £1,470,723 was carried forward representing 14.5% of GAG. Another key financial performance

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

indicator is staffing costs as a percentage of recurrent income. For 2018 this was 84.3% 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 £3,782,000.

FINANCIAL REVIEW

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 2018, free reserves held amount to £409,767 and restricted general funds amount to £1,550,794.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £27,555,156.

The pension fund is in deficit by £3,782,000.

Total funds at 31 August 2018 amount to £25,733,717, and the balance on restricted general funds plus unrestricted general funds at 31 August 2018 results in a net surplus of £1,960,561.

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.

FUNDRAISING

Both schools previously hired the premises for local clubs and organisations in order to generate income. Although a small amount of income was received, the costs associated, along with the additional maintenance and security issues, resulted in the decision to cease lettings.

The Trust believes that education should be free at the point of delivery and do not ask parents for donations.

Fundraising for charities is an active part of our house structure in both schools. The Trust has a strong charity focus, contributing to local, regional, national and international charities on a regular basis. Over £10,000 was collected last year.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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

The MAT has not acted as a custodian trustee.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's Equal opportunities policy, the Academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the board of trustees, as the company directors, on 6/12/18 and signed on its behalf by:



Mr W Hawkins
Chair of Trustees

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings attended	Out of a possible
Mr W Hawkins	4	4
Mr L Reilly	4	4
Mrs L Conley	4	4
Mr J Kirkman	3	4
Mr D Pickering	4	4
Mr R Immink	4	4
Mrs L Dray	2	4
Mr J Stokes	0	0
Mr S Haigh	0	0

In September 2017 the governance structure for the Trust was reviewed and this highlighted the need to recruit Governors across the board but in particular for the Spalding Academy Local Advisory Board. Two Governors were recruited from this process. A skills audit is scheduled for November 2018 in order to ensure that the Trust's Governance has the right skills set to maintain a high level of governance. This will also enable the Trust to seek further new governors.

The Audit 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:

	Meetings attended	Out of a possible
Mr D Pickering	3	3
Mr J Kirkman	3	3
Mr S Haigh	2	3
Mr R Immink	3	3

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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 eight week menu cycle at prices which have been held for over five 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 five 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 commencement of a re-tendering process for the Trust cleaning services, to ensure best value is achieved.

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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 Trust'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 regular basis, the 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 two audit visits across the Trust. They delivered their planned schedule of work in line within the parameters directed in the Academies Financial Handbook. Some minor recommendations were made, but no significant findings were reported.

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 Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 6/12/18 and signed on their behalf, by:



Mr W Hawkins
Chair of Trustees



Mr L Reilly
Accounting Officer

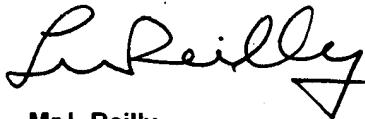
SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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

6/12/18

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 6/12/18 and signed on its behalf by:



Mr W Hawkins
Chair of Trustees

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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 (the 'Academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

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 for the financial year 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.

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' remuneration specified by law are 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 or to cease operations, or have no realistic alternative but to do so.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' report.

USE OF OUR REPORT

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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: 17/2/2018

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 4 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ACCOUNTANT

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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH LINCOLNSHIRE ACADEMIES TRUST AND THE EDUCATION & 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 2017 to 31 August 2018 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)

Streets Audit LLP

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

Date: 17/12/2018.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	10,628	552,239	562,867	12,732,387
Charitable activities	3	490,442	11,543,535	-	12,033,977	13,134,586
Other trading activities	4	124,233	4,727	-	128,960	144,871
Investments	5	3,484	-	-	3,484	3,209
TOTAL INCOME		618,159	11,558,890	552,239	12,729,288	26,015,053
EXPENDITURE ON:						
Raising funds		79,379	3,756	-	83,135	104,066
Charitable activities		505,856	12,677,871	103,338	13,287,065	13,925,189
TOTAL EXPENDITURE	7	585,235	12,681,627	103,338	13,370,200	14,029,255
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	32,924	(1,122,737)	448,901	(640,912)	11,985,798
		-	28,487	(28,487)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		32,924	(1,094,250)	420,414	(640,912)	11,985,798
Actuarial gains on defined benefit pension schemes	24	-	1,484,000	-	1,484,000	1,934,000
NET MOVEMENT IN FUNDS		32,924	389,750	420,414	843,088	13,919,798
RECONCILIATION OF FUNDS:						
Total funds brought forward		376,843	(2,620,956)	27,134,742	24,890,629	10,970,831
TOTAL FUNDS CARRIED FORWARD		409,767	(2,231,206)	27,555,156	25,733,717	24,890,629

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07559187

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Intangible assets	13		13,026		20,692
Tangible assets	14		27,542,130		27,114,050
			<u>27,555,156</u>		<u>27,134,742</u>
CURRENT ASSETS					
Stocks	15	32,578		27,416	
Debtors	16	455,960		451,852	
Cash at bank and in hand		2,684,324		3,168,948	
			<u>3,172,862</u>	<u>3,648,216</u>	
CREDITORS: amounts falling due within one year	17	(1,131,032)		(1,021,559)	
NET CURRENT ASSETS			<u>2,041,830</u>		<u>2,626,657</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>29,596,986</u>		<u>29,761,399</u>
CREDITORS: amounts falling due after more than one year	18		(81,269)		(90,770)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>29,515,717</u>		<u>29,670,629</u>
Defined benefit pension scheme liability	24		(3,782,000)		(4,780,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>25,733,717</u>		<u>24,890,629</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	1,550,794		2,159,044	
Restricted fixed asset funds	19	27,555,156		27,134,742	
			<u>29,105,950</u>	<u>29,293,786</u>	
Restricted income funds excluding pension liability			(3,782,000)	(4,780,000)	
Pension reserve					
Total restricted income funds			<u>25,323,950</u>		<u>24,513,786</u>
Unrestricted income funds	19		409,767		376,843
TOTAL FUNDS			<u>25,733,717</u>		<u>24,890,629</u>

The financial statements on pages 20 to 49 were approved by the Trustees, and authorised for issue, on 6/12/18 and are signed on their behalf, by:

Mr W Hawkins
Chair of Trustees



SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(516,595)	2,714,527
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,484	3,209
Proceeds from the sale of tangible fixed assets		180,000	588
Purchase of tangible fixed assets		(703,752)	(297,876)
Capital grants from DfE Group		46,486	50,226
Capital funding received from sponsors and others		505,753	85,500
Net cash provided by/(used in) investing activities		31,971	(158,353)
Change in cash and cash equivalents in the year		(484,624)	2,556,174
Cash and cash equivalents brought forward		3,168,948	612,774
Cash and cash equivalents carried forward		2,684,324	3,168,948

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 2017 to 2018 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
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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
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SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

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:

Freehold property	-	Improvements depreciated between 2% - 10%
Leasehold property	-	Improvements depreciated between 2% - 10%
Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	25% straight line

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

1.7 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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

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.

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
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 ESFA. 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 28.

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 funders where the asset acquired or created is held for a specific purpose.

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 2018. 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:

There are no critical areas of judgement.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer of existing academy into the trust	-	-	-	-	12,586,099
Capital Grants	-	-	552,239	552,239	135,726
Other donations	-	10,628	-	10,628	10,562
	-	10,628	552,239	562,867	12,732,387
Total 2017	147,415	(1,898,275)	14,483,247	12,732,387	

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	10,504,038	10,504,038	11,478,997
Other DfE/ESFA Grants	-	533,932	533,932	504,841
	-	11,037,970	11,037,970	11,983,838
Other government grants				
Local authority grants	-	260,998	260,998	222,611
	-	260,998	260,998	222,611
Other funding				
Catering income	443,298	-	443,298	396,982
Trip income	-	181,238	181,238	295,076
Other income	47,144	63,329	110,473	236,079
	490,442	244,567	735,009	928,137
	490,442	11,543,535	12,033,977	13,134,586
Total 2017	441,594	12,692,992	13,134,586	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	1,469	4,727	6,196	42,300
Catering	34,774	-	34,774	35,378
Other income	2,346	-	2,346	5,147
Uniform shop sales	85,644	-	85,644	62,046
	124,233	4,727	128,960	144,871
Total 2017	138,803	6,068	144,871	

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	3,484	-	3,484	3,209
<i>Total 2017</i>	3,209	-	3,209	

6. CHARITABLE ACTIVITIES

	2018 £	2017 £
DIRECT COSTS		
Wages and salaries	7,295,760	7,734,707
National insurance	695,033	683,859
Pension costs	1,143,007	1,095,115
Depreciation	95,672	75,784
Other direct costs	885,185	1,106,114
	10,114,657	10,695,579
SUPPORT COSTS		
Wages and salaries	934,070	1,035,906
National insurance	60,294	64,289
Pension costs	512,502	508,864
Amortisation	7,666	7,666
Technology costs	86,661	56,156
Premises costs	812,522	828,281
Other support costs	683,819	689,660
Governance costs	74,874	38,788
	3,172,408	3,229,610
	13,287,065	13,925,189

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	8,375	-	74,760	83,135	104,066
Support costs	-	-	-	-	-
Academy's educational operations:					
Direct costs	9,133,800	-	980,857	10,114,657	10,695,579
Support costs	1,506,866	812,522	853,020	3,172,408	3,229,610
	<u>10,649,041</u>	<u>812,522</u>	<u>1,908,637</u>	<u>13,370,200</u>	<u>14,029,255</u>
<i>Total 2017</i>	<u>11,157,492</u>	<u>834,001</u>	<u>2,037,762</u>	<u>14,029,255</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	95,672	75,784
Amortisation of intangible fixed assets	7,666	7,666
Auditors' remuneration - audit	9,275	9,275
Auditors' remuneration - other services	400	1,413
Internal audit costs	1,854	3,450
Operating lease	<u>11,627</u>	<u>25,194</u>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	7,746,804	7,793,423
Social security costs	755,396	749,788
Operating costs of defined benefit pension schemes	1,655,509	1,603,979
	<u>10,157,709</u>	<u>10,147,190</u>
Agency staff costs	386,332	694,906
Staff restructuring costs	105,000	315,396
	<u><u>10,649,041</u></u>	<u><u>11,157,492</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	-	95,596
Severance payments	105,000	219,800
	<u><u>105,000</u></u>	<u><u>315,396</u></u>

b. Non-statutory/non-contractual staff severance payments

Included in staff costs are non-statutory severance payments of £105,000 (2017 - £219,800).

Individually, the payments were: £20,000, £15,500, £15,000, £14,500, £13,000, £12,000, £11,500, and £3,500.

The redundancy payments relate to a restructure at 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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS (continued)

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	152	155
Administration and Support	127	138
Management	11	9
	<u>290</u>	<u>302</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	142	142
Administration and Support	98	102
Management	11	9
	<u>251</u>	<u>253</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	6	5
In the band £100,001 - £110,000	1	1
In the band £120,001 - £130,000	1	1

The above employees participated in the Teachers' Pension Scheme.

e. Key management personnel

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 £828,875 (2017 - £728,653).

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 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:

	2018 £	2017 £
Bourne Academy	337,899	584,411
Spalding Academy	506,849	354,996
Total	<u>844,748</u>	<u>939,407</u>

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. 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:

		2018 £	2017 £
Mr L Reilly	Remuneration	125,000-130,000	125,000-130,000
	Pension contributions paid	nil	nil
Mrs L Conley	Remuneration	100,000-105,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2018, expenses totalling £2,719 (2017 - £3,181) were reimbursed to 2 Trustees (2017 - 2).

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

13. INTANGIBLE FIXED ASSETS

	Computer software £
Cost	
At 1 September 2017 and 31 August 2018	30,663
Amortisation	
At 1 September 2017	9,971
Charge for the year	7,666
At 31 August 2018	17,637
Carrying amount	
At 31 August 2018	13,026
At 31 August 2017	20,692

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. TANGIBLE FIXED ASSETS

	Leasehold property £	Freehold property £	Furniture and fixtures £	Computer equipment £	Motor vehicles £
Cost					
At 1 September 2017	12,508,051	14,341,908	256,075	266,925	42,284
Additions	571,947	92,473	31,918	7,414	-
Disposals	-	(180,000)	-	(1,930)	-
At 31 August 2018	13,079,998	14,254,381	287,993	272,409	42,284
Depreciation					
At 1 September 2017	-	-	51,180	218,067	31,946
Charge for the year	20,308	15,684	28,802	27,432	3,446
On disposals	-	-	-	(1,930)	-
At 31 August 2018	20,308	15,684	79,982	243,569	35,392
Net book value					
At 31 August 2018	13,059,690	14,238,697	208,011	28,840	6,892
At 31 August 2017	12,508,051	14,341,908	204,895	48,858	10,338
					Total £
Cost					
At 1 September 2017					27,415,243
Additions					703,752
Disposals					(181,930)
At 31 August 2018					27,937,065
Depreciation					
At 1 September 2017					301,193
Charge for the year					95,672
On disposals					(1,930)
At 31 August 2018					394,935
Net book value					
At 31 August 2018					27,542,130
At 31 August 2017					27,114,050

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. TANGIBLE FIXED ASSETS (continued)

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

- a new science block at Bourne Academy at a value of £477,547;
- an all-weather pitch at Bourne Academy for £91,450;
- resurfacing and drainage works at Bourne Academy (£2,950) and Spalding Academy (£30,924);
- flooring and lighting across the school at Spalding Academy (£20,607);
- air conditioning at Spalding Academy (£20,685);
- suspended ceiling at Spalding Academy (£14,142) and
- work on a uniform shop at Spalding Academy for £6,095.

15. STOCKS

	2018 £	2017 £
Uniform stock	30,000	26,095
Catering stock	2,578	1,321
	<u>32,578</u>	<u>27,416</u>

16. DEBTORS

	2018 £	2017 £
Trade debtors	5,722	97,322
Other debtors	139,056	120,122
Prepayments and accrued income	311,182	234,408
	<u>455,960</u>	<u>451,852</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other loans	6,417	5,927
Trade creditors	300,083	204,852
Other taxation and social security	187,631	188,844
Other creditors	357,076	445,204
Accruals and deferred income	279,825	176,732
	<u>1,131,032</u>	<u>1,021,559</u>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. CREDITORS: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	93,690	65,229
Resources deferred during the year	159,297	93,690
Amounts released from previous years	(93,690)	(65,229)
Deferred income at 31 August 2018	<u>159,297</u>	<u>93,690</u>

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

Included in other loans is a loan of £6,417 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

	2018 £	2017 £
Other loans	<u>81,269</u>	<u>90,770</u>

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

	2018 £	2017 £
Repayable by instalments	<u>55,944</u>	<u>63,663</u>

Included in other loans is a loan of £81,269 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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	376,843	618,159	(585,235)	-	-	409,767
Restricted funds						
General Annual Grant (GAG)	2,159,044	10,512,586	(11,149,323)	28,487	-	1,550,794
Other Restricted Funds	-	1,046,304	(1,046,304)	-	-	-
Pension Reserve	(4,780,000)	-	(486,000)	-	1,484,000	(3,782,000)
	<u>(2,620,956)</u>	<u>11,558,890</u>	<u>(12,681,627)</u>	<u>28,487</u>	<u>1,484,000</u>	<u>(2,231,206)</u>
Restricted fixed asset funds						
Transfer from Local Authority on conversion	25,081,722	-	-	-	-	25,081,722
DfE/ESFA capital grants	471,360	46,486	-	-	-	517,846
Other government grants	495,182	505,753	-	-	-	1,000,935
Capital expenditure from other sources including GAG	1,086,478	-	(103,338)	(28,487)	-	954,653
	<u>27,134,742</u>	<u>552,239</u>	<u>(103,338)</u>	<u>(28,487)</u>	<u>-</u>	<u>27,555,156</u>
Total restricted funds	<u>24,513,786</u>	<u>12,111,129</u>	<u>(12,784,965)</u>	<u>-</u>	<u>1,484,000</u>	<u>25,323,950</u>
Total of funds	<u>24,890,629</u>	<u>12,729,288</u>	<u>(13,370,200)</u>	<u>-</u>	<u>1,484,000</u>	<u>25,733,717</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 Local Authority on conversion represents the assets transferred to the Academy from the Local Authority upon conversion.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. STATEMENT OF FUNDS (continued)

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

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.

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

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

Transfers between funds represent the use of recurrent income being used to fund capital expenditure.

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2018 results in a net surplus of £1,960,561.

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 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Bourne Academy	415,764	<i>444,500</i>
Spalding Academy	1,544,797	<i>2,091,387</i>
Total before fixed asset fund and pension reserve	1,960,561	<i>2,535,887</i>
Restricted fixed asset fund	27,555,156	<i>27,134,742</i>
Pension reserve	(3,782,000)	<i>(4,780,000)</i>
Total	25,733,717	<i>24,890,629</i>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Bourne Academy	4,727,061	552,763	437,040	1,050,401	6,767,265	6,564,989
Spalding Academy	4,005,901	518,568	295,961	834,419	5,654,849	6,440,874
SLAT	762,835	81,913	-	-	844,748	939,407
	<u>9,495,797</u>	<u>1,153,244</u>	<u>733,001</u>	<u>1,884,820</u>	<u>13,266,862</u>	<u>13,945,270</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds - all funds	216,576	731,021	(598,640)	27,886	-	376,843
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>

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>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	13,026	13,026
Tangible fixed assets	-	-	27,542,130	27,542,130
Current assets	829,512	2,343,350	-	3,172,862
Creditors due within one year	(338,476)	(792,556)	-	(1,131,032)
Creditors due in more than one year	(81,269)	-	-	(81,269)
Provisions for liabilities and charges	-	(3,782,000)	-	(3,782,000)
	<u>409,767</u>	<u>(2,231,206)</u>	<u>27,555,156</u>	<u>25,733,717</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(640,912)	11,985,798
Adjustment for:		
Depreciation charges	103,338	83,450
Gains on investments	-	535
Dividends, interest and rents from investments	(3,484)	(3,209)
(Increase)/decrease in stocks	(5,162)	470
Increase in debtors	(4,108)	(268,573)
Increase in creditors	99,972	806,303
Capital grants from DfE and other capital income	(552,239)	(135,726)
Defined benefit pension scheme cost less contributions payable	362,000	337,000
Defined benefit pension scheme finance cost	124,000	134,000
Assets and liabilities on transfer of existing academy into trust	-	(10,225,521)
Net cash (used in)/provided by operating activities	(516,595)	2,714,527

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	2,684,324	3,168,948
Total	2,684,324	3,168,948

23. CONTINGENT LIABILITIES

The Academy had no contingent liabilities at the 31 August 2018.

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.

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

Teachers' Pension Scheme

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. PENSION COMMITMENTS (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £863,228 (2017 - £857,047).

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 an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £565,000 (2017 - £578,000), of which employer's contributions totalled £449,000 (2017 - £455,000) and employees' contributions totalled

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

£116,000 (2017 - £123,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.30 %	2.40 %
Rate of increase in salaries	2.70 %	2.80 %
Rate of increase for pensions in payment / inflation	2.80 %	2.50 %
Commutation of pensions to lump sums	50.00 %	75.00 %

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

	2018	2017
Retiring today		
Males	22.4	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.6	26.6

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	286,000	284,000
Mortality assumption - 1 year increase	438,000	329,000

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	5,238,000	4,825,000
Corporate bonds	1,076,000	742,000
Property	789,000	557,000
Cash and other liquid assets	72,000	62,000
Total market value of assets	7,175,000	6,186,000

The actual return on scheme assets was £347,000 (2017 - £568,000).

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

	2018 £	2017 £
Current service cost	(811,000)	(773,000)
Past service cost	-	(19,000)
Interest income	(284,000)	(245,000)
Interest cost	160,000	111,000
Total	(935,000)	(926,000)
Actual return on scheme assets	347,000	568,000

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

	2018 £	2017 £
Opening defined benefit obligation	10,966,000	4,134,000
Transferred in on existing academies joining the trust	-	7,118,000
Current service cost	811,000	773,000
Interest cost	284,000	245,000
Employee contributions	116,000	123,000
Actuarial gains	(1,137,000)	(1,366,000)
Benefits paid	(83,000)	(80,000)
Past service costs	-	19,000
Closing defined benefit obligation	10,957,000	10,966,000

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	6,186,000	2,013,000
Upon conversion	-	2,996,000
Interest income	160,000	111,000
Actuarial losses	347,000	568,000
Employer contributions	449,000	455,000
Employee contributions	116,000	123,000
Benefits paid	(83,000)	(80,000)
	<u>7,175,000</u>	<u>6,186,000</u>
Closing fair value of scheme assets	<u>7,175,000</u>	<u>6,186,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	19,253	19,296
Between 1 and 5 years	33,959	7,825
Total	<u>53,212</u>	<u>27,121</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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

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 £nil (2017 - £2,500) 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 £nil (2017 - £280) 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 2018 the trust received £15,706 and disbursed £5,924 from the fund. An amount of £9,782 is included in other creditors relating to undistributed funds that is repayable to ESFA.