

# Lincoln Anglican Academy Trust

Registered number: 8737412

## Trustees report and financial statements

For the year ended 31 August 2015

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# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

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# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **Trustees**

Laura Capindale (resigned 22 December 2014)  
Angela Chisholm (resigned 8 July 2015)  
Andrew Dodd  
Stephen Kirby (resigned 25 February 2015)  
Daryl Summers  
Gregory Marsden (appointed 16 January 2015)  
Professor John Visser (appointed 1 September 2014)  
Jacqueline Waters-Dewhurst, Chief Executive  
Gillian Wright  
Joanne Kerry (appointed 8 July 2015)  
Trevor Hughes (appointed 16 September 2015)

#### **Members**

The Diocesan Board of Education acting corporately by hand of a Trustee  
The Chair of the Diocesan Board of Education or nominee  
The Vice Chair of the Diocesan Board of Education or nominee  
The Chair of the Trustees

#### **Company registered number**

8737412

#### **Principal and registered office**

Edward King House  
Minster Yard  
Lincoln  
LN2 1PU

#### **Company secretary**

No Company Secretary has been appointed. Resolution at Board Meeting 27/9/2013.

#### **Chief executive officer**

Jacqueline Waters-Dewhurst

#### **Independent auditor**

Mazars LLP  
Chartered Accountants  
Statutory Auditor  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/  
TRUSTEES AND ADVISERS**  
***FOR THE YEAR ENDED 31 AUGUST 2015***

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**Administrative details (continued)**

**Bankers**

Lloyds Bank LLP  
202 High Street  
Lincoln  
LN5 7AP

**Solicitors**

Anthony Collins  
134 Edmund Street  
Birmingham  
B3 2ES

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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The Trustees present their annual report together with the audited financial statements and Auditor's Report of Lincoln Anglican Academy Trust (the academy) for the ended 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates five academies serving catchment areas within Lincolnshire, North Lincolnshire and North East Lincolnshire. There are currently 934 pupils across the Trust served by four primary academies and one secondary academy.

#### **Structure, governance and management**

##### **a. CONSTITUTION**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Lincoln Anglican Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lincoln Anglican Academy Trust (LAAT).

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

##### **b. 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 £1, for the debts and liabilities contracted before they ceased to be a member.

##### **c. TRUSTEES' INDEMNITIES**

The Trustees of LAAT have unlimited indemnity insurance cover. This is purchased by the Trust. This cover applies to all trustees of the trust acting in accordance with the role of professional responsibilities of the Multi Academy Trust.

##### **d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

Potential new trustees are identified by the LAAT Board, ensuring that the skills and expertise of new trustees are complementary to those existing on the Board. All LAAT Trustees are appointed by the Diocesan Board of Education with the exception of one Methodist appointment.

##### **e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The training and induction provided for new trustees will depend upon their experience. Where necessary and appropriate the induction process will provide training on charity, education, legal and financial matters. All new trustees are welcome to visit any of the academies and to meet with staff and students. All trustees are provided with access to policies, procedures, minutes, accounts, budget plans and any other documents that they may need to undertake their role as trustee. As there are usually no more than one new trustee per year, induction tends to be informal and is tailored specifically to the individual trustee.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **f. ORGANISATIONAL STRUCTURE**

There is a clear management structure to control the way in which the LAAT is run. The structure consists of four levels; the Members, the Directors, Senior Officers and Executive Boards. The management philosophy of the Trust is to delegate responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for the strategic direction of LAAT. This includes ensuring accountability for the roles and exploring opportunities for increased efficiencies across the Trust in order to drive forward the raising of standards. This includes setting general policy, reviewing growth plans and capacity levels, adopting an annual plan and budget, monitoring the use of resources and budgets and making major decisions about the direction of the trust, capital expenditure and leadership of staff appointments.

The Senior Officers control the academies within the trust at an executive level, implementing policies laid down by the directors and reporting back to them.

The existing Heads Executive Board will soon be joined by the Chairs Executive Board. The Heads Executive Board is comprised of Headteachers from each academy within the Trust and are intended to be both a way of educating Heads and also a way for them to contribute strategically to the direction of the Trust.

#### **g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The LAAT works very closely with the diocese of Lincoln. The Church is and will continue to be a significant connected party to the development of the Trust. Maintaining this link is a commitment made by both parties as the LAAT grows and develops. There is a sharing of staff and this will be charged for, at cost, once the LAAT has sufficient and stable finances in place to ensure that the support given to its Church academies is not diminished.

#### **h. RISK MANAGEMENT**

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **Objectives and Activities**

##### **a. OBJECTS AND AIMS**

The principal objective of the charitable company is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad, balanced and high quality education.

The trust is dedicated to supporting school improvement and Christian distinctiveness whilst maintaining each school as a unique place in the heart of its unique context.

In addition, to promote for the benefit of individuals living in Lincolnshire, North Lincolnshire and North East Lincolnshire who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreating or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

In accordance with the articles of association, the charitable company has entered into a funding agreement with the Secretary of State. The funding agreements specify, amongst other things, the basis for admitting students to the academies, the catchment area from which the students are drawn and the curriculum should be broad, balanced and high quality.

The main objectives of the Trust, carried out under the vision statement, during the period ending 31st August 2015 are summarised below:

Provide a safe and nurturing education environment for the pupils attending our schools and communities;

Help to encourage confident, caring individuals with an optimistic life outlook and an interest in aspiration, educational development;

Instil in our pupils an appreciation of and enthusiasm for learning across a variety of subjects.

##### **b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

Using a consistent quality assurance framework the LAAT will monitor, evaluate and review all leadership responsibilities in a consistent, open and supportive manner. The LAAT will continue to drive forward the raising of standards within our academies through CPD and effective school improvement, allowing the sharing of best practice and enabling learning from one another and from the best practice outside of the trust.

LAAT will develop structures to support and safeguard our students, identifying barriers to learning and providing appropriate interventions through the use of internal procedures and external agencies.

LAAT is keen to ensure through trust-wide policies and protocols to ensure that all employees are valued in the same way and the LAAT is a balanced, supportive and fair employer.

##### **c. PUBLIC BENEFIT**

In setting our objectives and planning our activities the trustees have given careful consideration to Charity Commission general guidelines in public benefit.

# **LINCOLN ANGLICAN ACADEMY TRUST** **(A Company Limited by Guarantee)**

## **TRUSTEES' REPORT (continued)** **FOR THE YEAR ENDED 31 AUGUST 2015**

### **Strategic Report**

#### **Achievements and performance**

##### **a. REVIEW OF ACTIVITIES**

Academic progress across all of the academies within LAAT has been impressive. Significant increases to the end of year, terminal results reveal that all of the academies are either significantly closer to or exceed National Expectation.

Primary academies have averaged a 20.25% increase in the number of pupils achieving Level 4+ in RWM in 2015.

Our secondary academy made a 14% improvement in the percentage of pupils achieving 5 A\*-C inc EM.

Together this gives the Trust an average increase of 18.8%.

#### Canon Peter Hall C of E Primary School – Immingham

Ofsted	Good – October 2011	SIAMS	Outstanding – November 2011	
Number on roll		206 Reception to Year 6 (plus 24 in Nursery)		
Results		2014	2015	National Av 2014
Year 6 – R.W.M Combined – Level 4+		63%	77%	79%

Canon Peter Hall have bought a set of Taiko drums and have performed for both the Diocesan Heads and Chairs and on stage at the Grimsby Auditorium.

#### The Magdalen Church of England / Methodist School – Wainfleet

Ofsted Requires Improvement – February 2011	SIAMS Satisfactory – March 2011		
Number on roll	193		
Results	2014	2015	National Av 2014
Year 6 – R W M Combined – Level 4+	66%	72%	79%

The quality of teaching and learning has risen at Magdalen so that now 100% of observed teaching is graded as good or better.

#### Ulceby St Nicholas Church of England Primary School

Ofsted	Special Measures – March 2013	SIAMS	Outstanding – June 2015	
Number on roll		103		
Results		2014	2015	National Av 2014
Year 6 – R W M Combined – Level 4+		79%	89%	79%

Ulceby St Nicholas have achieved Outstanding in their SIAMS inspection during the year.

#### Weston St Mary's Church of England Primary School

Ofsted Serious Weaknesses – October 2013	SIAMS Good – July 2011		
Number on roll	41		
Results	2014	2015	National Av 2014
Year 6 – R W M Combined – Level 4+	29%	80%	79%

Weston have opened a new classroom which provides additional learning space and reduces class sizes.



# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

#### William Lovell Church of England Academy

Ofsted Good – June 2013	SIAMS Outstanding – October 2009		
Number on roll	363		
Results	2014	2015	National Av 2014
% 5+A-C (inc English and Maths)	35%	48%	53.4%

William Lovell achieved the regional award from PiXL for outstanding GCSE results 2015.

The year has involved significant effort in maintaining the LAAT's financial position due to continuing reductions in Government funding and local factors. The fruition of this work was the approval of a balanced budget for 2015/16 with a projected surplus to carry forward into 2016/17.

A feature of the LAAT Board is regular review of management accounts during the year in question including a prompt response to the Internal Audit that was undertaken during the year. The benefit was reaped as control weaknesses identified in the Internal Audit report were remedied immediately by the Trust outsourcing the finance function to academy trust specialists and all financial issues reviewed as a matter of priority.

The practice of producing a medium term financial plan was introduced, projecting forward to 2017/18, which identified the financial risks facing the Trust over this period. This exercise has identified the risk of a funding gap emerging. For this reason, all costs will be monitored in a rigorous and managed manner. For example the central LAAT internal finance function has been reviewed and a decision made to outsource the function, the decision considered value for money for the Trust and also the support that will be received over the medium term in making cost savings across the Trust.

From the above narrative it is clear that the Trust faces a number of risks going forward and has therefore, assumed an increased focus in the year on the Risk Register being considered and reviewed by the Trust each term and adjustments being made where necessary to respond to changes.

#### **b. GOING CONCERN**

After making appropriate enquiries, the LAAT board has 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 this adoption of the going concern basis can be found in the statement of the accounting policies.

#### **c. INVESTMENT POLICY AND PERFORMANCE**

LAAT does not hold any long term investments. Any cash surpluses remain within the academy's bank accounts to ensure an even cash flow across the year.

#### **Financial review**

##### **a. RESERVES POLICY**

The Trustees have reviewed the reserves of the Trust. This review encompasses the nature of income and expenditure streams, the need to match them with commitments, the challenges that lay ahead for the LAAT and the nature of reserves. The level of reserves will be kept under review by the Trustees.

The Trust's financial position at the end of the period is £10,576,558; of which £11,332,995 is restricted fixed assets; leaving a total deficit reserve balance of both restricted and unrestricted funds of (£756,437); this is due to the LGPS deficit of (£1,848,000). However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £1,091,563, of which £755,389 is restricted and £336,174 is unrestricted funding.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **b. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

LAAT's exposure to financial risks is minimal, due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors with limited trade and other debtors. There is a deficit within the Local Government Pension Scheme, as described in note 25 to the financial statements but this is subject to periodic actuarial review and regulatory monitoring by Trustees.

#### **c. PRINCIPAL RISKS AND UNCERTAINTIES**

There are three principal risks and uncertainties relating to LAAT.

The future level of funding of education is uncertain in the current economic climate. This is mainly outside of the control of the Trustees but they will engage with the DfE when opportunities arise.

Staffing levels within one of the Trust's academies are high and are an excessive drain on trust finances. A review of staffing is taking place to ensure a high quality education is delivered in a sustainable way.

Current levels of spending by the trust are not sustainable long term and will erode Trust resources. Trustees have devised a thorough plan for the growth of the trust which not only makes the trust viable long term but also ensures that the trust has the capacity to deliver an even higher quality service to an even greater number of schools.

#### **d. PRINCIPAL FUNDING**

Much of the LAAT's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grant received from the Department for Education during the year ending 31st August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

#### **Plans for future periods**

##### **a. FUTURE DEVELOPMENTS**

The core philosophy of the trust is to ensure that a high quality education is provided to pupils within a framework supported by the goals of the National Society.

Trustees believe that a large scale growth of LAAT will both raise educational standards and preserve church school education within the Diocese of Lincoln. To this purpose Trustees have developed a comprehensive model of growth which allows for large numbers of schools to join the trust and be grouped into Regional Boards. By bringing large numbers of high performing schools into the trust, the capacity will be increased so that LAAT is equipped to take sponsor more academies.

#### **LAND AND BUILDINGS TREATMENT**

As discussed elsewhere, in preparing the accounts the directors follow the requirements of the Companies Act, applicable accounting standards, and guidance from the Education Funding Agency (EFA). Church academies and multi-academy trusts also benefit from guidance issued by the National Society for the Promotion of Religious Education (NatSoc). This year there has been conflicting guidance concerning the inclusion of land and buildings held in trust by the Diocese and used by the academy under a Church Supplemental Agreement. There is no disagreement over other land such as playing fields which is typically owned by the Local Authority and held by the academy on a long lease.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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NatSoc advises that the land and buildings held by the Diocese should not be included in the value of property on the balance sheet of the academy and this is the treatment which the Directors wish to follow. Unfortunately it has not been possible to split the valuations of "Land and buildings" supplied by the EFA in time to correct this; therefore the balance sheet as stated includes the total amount supplied by EFA and this will be corrected next year.

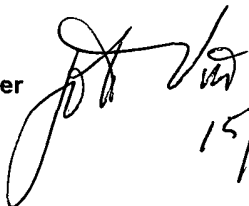
#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

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

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 15 December 2015 and signed on the board's behalf by:

**Professor John Visser**  
**Chair of Trustees**



15/11/15.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT**

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#### **SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lincoln Anglican Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### **GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
Laura Capindale	2	2
Angela Chisholm	0	5
Andrew Dodd	3	5
Joanne Kerry	0	0
Stephen Kirby	2	2
Gregory Marsden	3	3
Daryl Summers	5	5
Professor John Visser	4	5
Jacqueline Waters-Dewhurst	5	5
Gillian Wright	4	5

The board of Finance is a committee of the main board of trustees. Its purpose is to propose the annual budget, to act as audit committee, review actual performance throughout the year in financial matters, review the effectiveness of financial internal controls through the Internal Auditor's reporting systems, advise the trustees on the appropriateness, or otherwise, of spending requests outside the delegated powers given to them and monitor and keep under review the needs and requirements of LAAT in relation to competitive tendering.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Laura Capindale	2	2
Angela Chisholm	0	3
Andrew Dodd	3	3
Joanne Kerry	0	0
Stephen Kirby	2	2
Gregory Marsden	1	1
Daryl Summers	3	3
John Visser	2	3
Jacqueline Waters-Dewhurst	3	3
Gillian Wright	2	3

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (continued)**

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#### **REVIEW OF VALUE FOR MONEY**

As accounting officer, the Chief Executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Regularly reviewing the functions of the Trust and challenging how and why services are provided and setting targets and performance indicators for improvement.
- Monitoring outcomes and comparing performance between the Trust Academies and similar Trusts.
- Consulting appropriate stakeholders before major decisions are made; and promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

The following Value for Money transactions were undertaken during the year:

- Since June 2015 the Trust has outsourced its finance function, this will be reviewed annually to ensure continued best value.
- A tender process was undertaken to engage with new external auditors during the year to ensure best value.
- The Trust reviewed its payroll provider during the year and procured services from a different provider offering better value for money.

The Trust is committed to continued best Value for Money practice and will be reviewing the following areas in future periods:

- A review is currently ongoing of the utility services across all the academies within the Trust.
- Continued reviewing of the curriculum and its delivery.
- An ongoing commitment to procuring services at Trust level to achieve ongoing economies of scale.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Lincoln Anglican Academy Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (continued)**

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#### **THE RISK AND CONTROL FRAMEWORK**

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

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

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

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

- giving advice on financial matters; and
- performing a range of checks on the Trust's financial systems.

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

Schools and Academy Finance have delivered their schedule of work as planned. A number of weaknesses in systems and controls were identified across the Trust, however these have now been addressed and additional controls put in place.

#### **REVIEW OF EFFECTIVENESS**

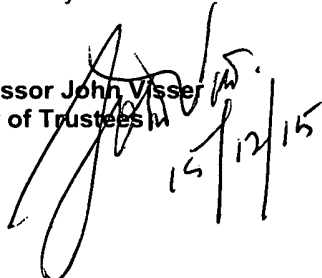
As accounting officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy 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.

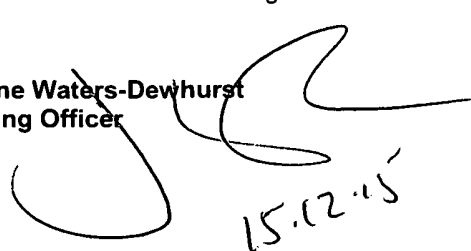
Approved by order of the members of the board of trustees on 15 December 2015 and signed on its behalf, by:

Professor John Visser  
Chair of Trustees



15/12/15

Jacqueline Waters-Dewhurst  
Accounting Officer



15.12.15

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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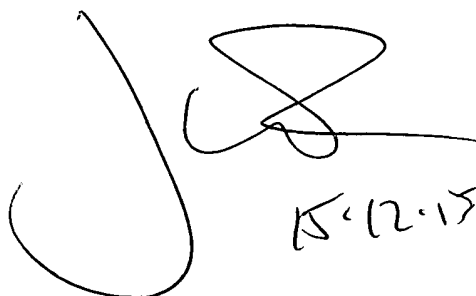
As accounting officer of Lincoln Anglican Academy Trust I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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

**Jacqueline Waters-Dewhurst**  
**Accounting Officer**

Date: 15 December 2015



15.12.15

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **TRUSTEES' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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The Trustees (who act as governors of Lincoln Anglican Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

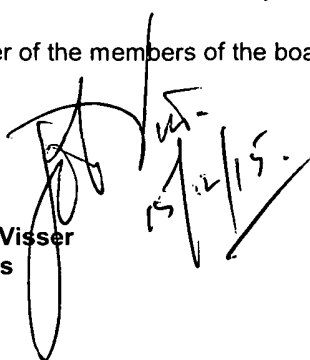
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the board of trustees on 15 December 2015 and signed on its behalf by:

**Professor John Visser**  
**Chair of Trustees**





# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINCOLN ANGLICAN ACADEMY TRUST**

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We have audited the financial statements of Lincoln Anglican Academy Trust for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

#### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

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.

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

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

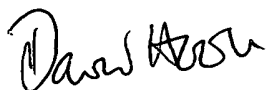
### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINCOLN ANGLICAN ACADEMY TRUST**

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#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



David Hoose (Senior Statutory Auditor)

for and on behalf of

#### **Mazars LLP**

Chartered Accountants  
Statutory Auditor

Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW  
15 December 2015

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LINCOLN ANGLICAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 20 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Anglican Academy Trust during the year 1 September 2014 to 31 August 2015 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 Lincoln Anglican Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lincoln Anglican Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lincoln Anglican Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF LINCOLN ANGLICAN ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Lincoln Anglican Academy Trust's funding agreement with the Secretary of State for Education dated 24 December 2013, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY  
TO LINCOLN ANGLICAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**  
**(continued)**

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**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Mazars LLP**

Chartered Accountants  
Statutory Auditor

Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

15 December 2015

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
*(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)*  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	As restated Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	493,020	(999,000)	6,983,172	6,477,192	3,764,858
Activities for generating funds	3	167,666	17,337	-	185,003	25,895
Investment income	4	813	-	-	813	-
Incoming resources from charitable activities	5	-	4,579,070	162,499	4,741,569	1,248,938
<b>TOTAL INCOMING RESOURCES</b>		<b>661,499</b>	<b>3,597,407</b>	<b>7,145,671</b>	<b>11,404,577</b>	<b>5,039,691</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	6,7	264,763	4,060,706	232,848	4,558,317	1,059,606
Governance costs	8	-	143,573	-	143,573	101,214
<b>TOTAL RESOURCES EXPENDED</b>		<b>264,763</b>	<b>4,204,279</b>	<b>232,848</b>	<b>4,701,890</b>	<b>1,160,820</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>396,736</b>	<b>(606,872)</b>	<b>6,912,823</b>	<b>6,702,687</b>	<b>3,878,871</b>
Transfers between Funds	21	-	(3,497)	3,497	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>396,736</b>	<b>(610,369)</b>	<b>6,916,320</b>	<b>6,702,687</b>	<b>3,878,871</b>
Actuarial gains and losses on defined benefit pension schemes	28	-	82,000	-	82,000	(87,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>396,736</b>	<b>(528,369)</b>	<b>6,916,320</b>	<b>6,784,687</b>	<b>3,791,871</b>
Total funds at 1 September 2014		38,753	(663,557)	5,053,138	4,428,334	-
Prior year adjustment	20	-	-	(636,463)	(636,463)	-
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>435,489</b>	<b>(1,191,926)</b>	<b>11,332,995</b>	<b>10,576,558</b>	<b>3,791,871</b>

All of the academy trust's activities derive from continuing operations and acquisitions during the current year and acquisitions in the previous period.

The notes on pages 22 to 45 form part of these financial statements.

# LINCOLN ANGLICAN ACADEMY TRUST

Registered number: 8737412

(A Company Limited by Guarantee)

## BALANCE SHEET

AS AT 31 AUGUST 2015

	Note	£	2015 £	As restated 2014 £
<b>FIXED ASSETS</b>				
Tangible assets	15		11,373,305	4,366,562
<b>CURRENT ASSETS</b>				
Stocks	16	-		3,842
Debtors	17	483,375		187,011
Cash at bank		1,089,712		426,005
		<u>1,573,087</u>		<u>616,858</u>
<b>CREDITORS: amounts falling due within one year</b>	18	(484,042)		(353,549)
<b>NET CURRENT ASSETS</b>			1,089,045	263,309
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,462,350</u>	<u>4,629,871</u>
<b>CREDITORS: amounts falling due after more than one year</b>	19		(37,792)	-
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>			12,424,558	4,629,871
Defined benefit pension scheme liability	28	(1,848,000)		(838,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u>10,576,558</u>	<u>3,791,871</u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds	21	656,074		174,443
Restricted fixed asset funds	21	11,332,995		4,416,675
Restricted funds excluding pension liability		<u>11,989,069</u>		<u>4,591,118</u>
Pension reserve		(1,848,000)		(838,000)
Total restricted funds			10,141,069	3,753,118
Unrestricted funds	21		435,489	38,753
<b>TOTAL FUNDS</b>			<u>10,576,558</u>	<u>3,791,871</u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2015 and are signed on their behalf by

PROF. JOHN VISSER  
Chair of Trustees

The notes on pages 22 to 45 form part of these financial statements.

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

		<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
	<b>Note</b>		
Net cash flow from operating activities	<b>23</b>	224,295	311,322
Capital expenditure and financial investment	<b>24</b>	(93,920)	(1,533)
Cash transferred on conversion to an academy trust		493,020	116,216
<b>CASH INFLOW BEFORE FINANCING</b>		<b>623,395</b>	<b>426,005</b>
Financing	<b>24</b>	40,312	-
<b>INCREASE IN CASH IN THE YEAR</b>		<b>663,707</b>	<b>426,005</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Increase in cash in the year	663,707	426,005
Cash inflow from increase in debt and lease financing	(40,312)	-
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>623,395</b>	<b>426,005</b>
Net funds at 1 September 2014	426,005	-
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>1,049,400</b>	<b>426,005</b>

The notes on pages 22 to 45 form part of these financial statements.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

##### **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 trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

##### **1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

Donations are recognised on a receivable basis where there is certainty of receipt 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.



# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

##### **1.5 Tangible fixed assets and depreciation**

All assets costing more than £200 are capitalised.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% Straight line
Fixtures and fittings	-	25% Straight line
Computer equipment	-	33% 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.

Land and buildings held by the Diocesan Trust & Board of Finance Limited on trust and made available to the academies should not be included on the balance sheet of Lincoln Anglican Academy Trust. As explained in the Trustees' Report, it has not been possible to distinguish the amount attributable to this part of the properties and the entire value has been included at 31 August 2015.

Land leased to the academies by the Local Authority is included under "long leasehold property" at the value attributed to them by the Education Funding Agency.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

##### **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.

##### **1.8 Taxation**

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

##### **1.9 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.10 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

##### **1.11 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Weston St. Mary Church of England Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Lincoln Anglican Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 26.

##### **1.12 Acquisition accounting**

The net asset values of the William Lovell Church of England Academy at the date it became controlled by the Trust have been accounted for under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in accordance with recommended academy accounting practice.

Further details of the transaction are set out in note 27.

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	As restated Total funds 2014 £
Donations on conversion	128,732	930,000	1,058,732	3,726,160
Donations upon transfer of existing academy	364,288	5,054,172	5,418,460	-
Other donations	-	-	-	26,056
Other voluntary income	-	-	-	12,642
	<u>493,020</u>	<u>5,984,172</u>	<u>6,477,192</u>	<u>3,764,858</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	18,215	-	18,215	-
Sale of goods	4,863	-	4,863	343
Teacher insurance income	-	12,026	12,026	7,004
Catering income	42,016	-	42,016	-
Trip income	26,762	-	26,762	-
Other incoming resources	75,810	5,311	81,121	18,548
	<u>167,666</u>	<u>17,337</u>	<u>185,003</u>	<u>25,895</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest receivable	813	-	813	-

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	3,728,766	3,728,766	870,130
Start Up Grant	-	78,213	78,213	75,000
Other DfE/EFA Revenue grants	-	558,440	558,440	271,474
	-	4,365,419	4,365,419	1,216,604
<b>Other government grants</b>				
Other government grants	-	131,459	131,459	-
SEN from LA	-	82,192	82,192	8,277
	-	213,651	213,651	8,277
<b>Other funding</b>				
Capital grants	-	128,633	128,633	-
Devolved formula capital	-	33,866	33,866	24,057
	-	162,499	162,499	24,057
	-	4,741,569	4,741,569	1,248,938

**6. RESOURCES EXPENDED**

	Staff Costs £	Premises £	Other £	Total 2015 £	Total 2014 £
<b>Academy's educational operations</b>					
- Direct costs	2,459,706	232,848	409,245	3,101,799	753,736
- Allocated support costs	781,113	238,598	436,807	1,456,518	305,822
Sub total	3,240,819	471,446	846,052	4,558,317	1,059,558
Governance costs including allocated support costs	-	-	143,573	143,573	101,214
Total	3,240,819	471,446	989,625	4,701,890	1,160,772

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**7. CHARITABLE ACTIVITIES**

	Unrestricted £	Restricted £	Total year ended 31 August 2015 £	10 months ended 31 August 2014 £
<b>Direct costs - educational operations</b>				
Wages and salaries	-	1,987,309	1,987,309	537,078
National insurance	-	131,064	131,064	34,361
Pension costs	-	282,333	282,333	71,857
FRS 17 costs	-	59,000	59,000	8,000
Sub total	-	2,459,706	2,459,706	651,296
Depreciation	-	232,848	232,848	27,028
Educational supplies	-	133,891	133,891	28,645
Staff development	-	-	-	2,753
School trips	50,593	-	50,593	-
Other expenses	9,592	138,614	148,206	44,014
Exam fees	-	76,555	76,555	-
Total	60,185	3,041,614	3,101,799	753,736

**LINCOLN ANGLICAN ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Unrestricted £	Restricted £	Total year ended 31 August 2015 £	10 months ended 31 August 2014 £
<b>Support costs - educational operations</b>				
Wages and salaries	39,828	612,018	651,846	77,725
National insurance	1,488	22,874	24,362	2,396
Pension costs	6,166	94,739	100,905	13,781
FRS 17 costs	-	4,000	4,000	-
Sub total	47,482	733,631	781,113	93,902
Other finance costs	-	30,000	30,000	8,000
Technology costs	14,439	28,381	42,820	320
Recruitment and support	-	14,494	14,494	1,687
Maintenance of premises	-	99,474	99,474	75,823
Cleaning	-	20,672	20,672	4,035
Rent and rates	-	42,524	42,524	10,781
Energy costs	75,928	-	75,928	18,583
Insurance	-	37,373	37,373	22,124
Security	-	4,174	4,174	619
Transport	-	15,453	15,453	37
Telephone costs	-	10,843	10,843	27,727
Catering	42,016	99,315	141,331	13,823
Bank charges	1,050	-	1,050	912
Other costs	23,663	79,485	103,148	25,523
Operating lease costs	-	36,121	36,121	1,926
Total	204,578	1,251,940	1,456,518	305,822

**8. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	17,500	17,500	8,500
Auditors' non audit costs	-	4,650	4,650	2,200
Legal and professional fees	-	121,423	121,423	90,514
	-	143,573	143,573	101,214

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **9. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Depreciation of tangible fixed assets:		
- owned by the Trust	232,848	27,028
Auditor's remuneration	17,500	8,500
Auditor's remuneration - non-audit	4,650	2,200
Operating lease rentals:		
- plant and machinery	36,121	1,926
	<u>291,119</u>	<u>39,654</u>

#### **10. STAFF**

##### **a. Staff costs**

Staff costs were as follows:

	<b>Year ended Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Wages and salaries	2,494,238	600,129
Social security costs	155,429	36,757
Other pension costs (note 28)	446,238	93,638
	<u>3,095,905</u>	<u>730,524</u>
Supply teacher costs	144,914	14,674
	<u>3,240,819</u>	<u>745,198</u>

##### **b. Staff numbers**

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

	<b>Year ended 31 August 2015 No.</b>	<b>10 months ended 31 August 2014 No.</b>
Teachers	57	28
Administration and support	85	36
	<u>142</u>	<u>64</u>



**LINCOLN ANGLICAN ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**10. STAFF (continued)**

**c. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	Year ended 31 August 2015 No.	10 months ended 31 August 2014 No.
In the band £60,001 - £70,000	2	0

Both of the above employees participated in the Teachers' Pension Scheme.

**11. CENTRAL SERVICES**

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

- Payroll
- Strategic and operational HR
- Telephone support
- Banking services
- Financial software
- Strategic and operational financial support
- ROSPA membership
- School improvement monitoring and QA

The Trust charges for these services on the following basis:

Each Academy pays a flat rate charge amounting to 5% of General Annual Grant from the point of joining the Trust.

The actual amounts charged during the year were as follows:

	Year ended 31 August 2015 £
Canon Peter Hall Church of England Primary School, Immingham	57,235
Ulceby St Nicholas Church of England Primary School, Ulceby	39,804
Magdalen Church of England and Methodist Primary School, Wainfleet	62,307
Weston St. Mary's Church of England Primary School, Spalding	15,997
William Lovell Church of England Academy, Stickney	55,765
Total	231,108

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **12. TRUSTEES' REMUNERATION AND EXPENSES**

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

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Laura Capindale	25,000-30,000	25,000-30,000

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

#### **13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy trust has purchased insurance 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £2,500 (2014 - £2,332). The cost of this insurance is included in the total insurance cost.

#### **14. OTHER FINANCE INCOME**

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Expected return on pension scheme assets	44,000	9,000
Interest on pension scheme liabilities	(74,000)	(17,000)
	<u>(30,000)</u>	<u>(8,000)</u>

**LINCOLN ANGLICAN ACADEMY TRUST**  
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**FOR THE YEAR ENDED 31 AUGUST 2015**

**15. TANGIBLE FIXED ASSETS**

	Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2014 (as previously stated)	5,004,463	2,594	22,996	5,030,053
Prior year adjustment	(636,463)	-	-	(636,463)
At 1 September 2014 (as restated)	4,368,000	2,594	22,996	4,393,590
Additions	187,864	47,591	20,964	256,419
Assets donated on transfer of existing academy	5,879,568	102,083	31,521	6,013,172
Assets donated on conversion	970,000	-	-	970,000
At 31 August 2015	11,405,432	152,268	75,481	11,633,181
<b>Depreciation</b>				
At 1 September 2014	26,378	270	380	27,028
Charge for the year	187,015	16,883	28,950	232,848
At 31 August 2015	213,393	17,153	29,330	259,876
<b>Net book value</b>				
At 31 August 2015	11,192,039	135,115	46,151	11,373,305
At 31 August 2014 (as restated)	4,341,622	2,324	22,616	4,366,562

Included in land and buildings is land at valuation of £1,391,000 (2014 - £196,000) which is not depreciated.

Land and buildings held by the Diocesan Trust & Board of Finance Limited on trust and made available to the academies should not be included on the balance sheet of Lincoln Anglican Academy Trust. As explained in the Trustees' Report, it has not been possible to distinguish the amount attributable to this part of the properties and the entire value has been included at 31 August 2015.

Land leased to the academies by the Local Authority is included under "long leasehold property" at the value attributed to them by the Education Funding Agency.

**16. STOCKS**

	2015 £	2014 £
Consumables and goods for resale	-	3,842

**LINCOLN ANGLICAN ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**17. DEBTORS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade debtors	18,388	10,516
VAT recoverable	294,580	56,082
Other debtors	-	47,629
Prepayments and accrued income	170,407	72,784
	<u>483,375</u>	<u>187,011</u>

**18. CREDITORS:**  
**Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other loans	2,520	-
Trade creditors	227,317	83,500
Other taxation and social security	61,316	54,128
Other creditors	44,538	61,404
Accruals and deferred income	148,351	154,517
	<u>484,042</u>	<u>353,549</u>

**Deferred income**

	<b>£</b>
Deferred income at 1 September 2014	94,570
Resources deferred during the year	90,090
Amounts released from previous years	<u>(94,570)</u>
Deferred income at 31 August 2015	<u>90,090</u>

Deferred income relates to the following:

- £3,547 received in advance of school trips;
- £38,968 Early Years Funding relating to 2015-16;
- £37,997 Universal Free School Meals grant monies relating to 2015-16; and
- £9,579 SEN funding relating to 2015-16.

Included within other creditors is a loan of £2,520 from Salix which relates to the balance due within one year and is provided on an interest free basis over a period of 8 years.

**19. CREDITORS:**  
**Amounts falling due after more than one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other loans	<u>37,792</u>	<u>-</u>

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **19. CREDITORS:**

##### **Amounts falling due after more than one year (continued)**

Included within other creditors is an EFA approved loan of £37,792 from Salix which relates to the balance due after one year and is provided on an interest free basis over a period of 8 years. The loan is being repaid through biannual instalments of £2,520.

#### **20. PRIOR YEAR ADJUSTMENT**

Adjustments have been made relating to the land and building valuations in the prior year financial statements as follows:

Canon Peter Hall Church of England Primary School - land and buildings were incorrectly included at an insurance valuation. This has been amended to reflect the EFA desktop valuation.

Magdalen Church of England and Methodist Primary School - land and buildings were incorrectly included at £nil valuation.

The net affect of the prior year adjustment is a reduction in opening restricted fixed asset reserves of £636,463 and a reduction in the opening fixed asset net book value of the same amount. The surplus on the SOFA for the period to 31 August 2014 has also reduced by £636,463.

#### **21. STATEMENT OF FUNDS**

	<b>Brought Forward As restated £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Designated funds</b>						
School fund	13,121	26,762	(50,593)	10,710	-	-
<b>General funds</b>						
General Funds - all funds	25,632	634,737	(214,170)	(10,710)	-	435,489
Total Unrestricted funds	38,753	661,499	(264,763)	-	-	435,489
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	4,287,206	(3,627,635)	(3,497)	-	656,074
Start up Grant	31,685	78,213	(109,898)	-	-	-
Other DfE/EFA grants	127,477	213,651	(341,128)	-	-	-
Government grants	15,281	17,337	(32,618)	-	-	-
Pension reserve	(838,000)	(999,000)	(93,000)	-	82,000	(1,848,000)
	(663,557)	3,597,407	(4,204,279)	(3,497)	82,000	(1,191,926)

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **21. STATEMENT OF FUNDS (continued)**

##### **Restricted fixed asset funds**

DfE/EFA capital grants	24,057	202,810	-	-	-	226,867
Capital expenditure from GAG	2,324	-	-	3,497	-	5,821
Capital expenditure from other income	4,390,294	6,983,173	(232,848)	-	-	11,140,619
Salix loan reserve	-	(40,312)	-	-	-	(40,312)
	<u>4,416,675</u>	<u>7,145,671</u>	<u>(232,848)</u>	<u>3,497</u>	<u>-</u>	<u>11,332,995</u>
Total restricted funds	<u>3,753,118</u>	<u>10,743,078</u>	<u>(4,437,127)</u>	<u>-</u>	<u>82,000</u>	<u>10,141,069</u>
Total of funds	<u>3,791,871</u>	<u>11,404,577</u>	<u>(4,701,890)</u>	<u>-</u>	<u>82,000</u>	<u>10,576,558</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DfE/EFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education of pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classified as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme (LGPS) deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included within resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **21. STATEMENT OF FUNDS (continued)**

##### **Analysis of academies by fund balance**

Fund balances at 31 August 2015 were allocated as follows:

	<b>Total £</b>
Canon Peter Hall Church of England Primary School, Immingham	131,109
Ulceby St Nicholas Church of England Primary School, Ulceby	5,668
Magdalen Church of England and Methodist Primary School, Wainfleet	158,444
Weston St. Mary's Church of England Primary School, Spalding	79,989
William Lovell Church of England Academy, Stickney	422,277
Central Trust	294,076
	<hr/>
Total before fixed asset fund and pension reserve	1,091,563
Restricted fixed asset fund	11,332,995
Pension reserve	(1,848,000)
	<hr/>
Total	<u>10,576,558</u>

##### **Analysis of academies by cost**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total £</b>
Canon Peter Hall Church of England Primary School, Immingham	694,166	133,877	77,512	200,156	1,105,711
Ulceby St Nicholas Church of England Primary School, Ulceby	333,623	55,662	28,863	51,333	469,481
Magdalen Church of England and Methodist Primary School, Wainfleet	538,492	229,815	7,216	141,763	917,286
Weston St. Mary's Church of England Primary School, Spalding	165,364	76,759	29,562	42,967	314,652
William Lovell Church of England Academy, Stickney	679,688	198,628	141,787	72,811	1,092,914
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,411,333</u>	<u>694,741</u>	<u>284,940</u>	<u>509,030</u>	<u>3,900,044</u>

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	As restated Total funds 2014 £
Tangible fixed assets	-	-	11,373,305	11,373,305	5,003,025
Current assets	435,489	1,137,598	-	1,573,087	616,858
Creditors due within one year	-	(481,524)	(2,518)	(484,042)	(353,549)
Creditors due in more than one year	-	-	(37,792)	(37,792)	-
Provisions for liabilities and charges	-	(1,848,000)	-	(1,848,000)	(838,000)
	<u>435,489</u>	<u>(1,191,926)</u>	<u>11,332,995</u>	<u>10,576,558</u>	<u>3,791,871</u>

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Year ended 31 August 2015 £	As restated 10 months ended 31 August 2014 £
Net incoming resources before revaluations	6,702,687	3,878,871
Transfer on conversion	(6,477,192)	(3,752,216)
Depreciation of tangible fixed assets	232,848	27,028
Capital grants from DfE	(162,499)	(24,057)
Decrease/(increase) in stocks	3,842	(3,842)
(Increase) in debtors	(296,364)	(187,011)
Increase in creditors	127,973	353,549
FRS 17 adjustments	93,000	19,000
<b>Net cash inflow from operations</b>	<u>224,295</u>	<u>311,322</u>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Year ended 31 August 2015 £	10 months ended 31 August 2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(256,419)	(25,590)
Capital grants from DfE	162,499	24,057
<b>Net cash outflow capital expenditure</b>	<u>(93,920)</u>	<u>(1,533)</u>



# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	Year ended 31 August 2015 £	10 months ended 31 August 2014 £
<b>Financing</b>		
Other new loans	40,312	-

#### **25. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	426,005	663,707	-	1,089,712
<b>Debt:</b>				
Debts due within one year	-	-	(2,520)	(2,520)
Debts falling due after more than one year	-	-	(37,792)	(37,792)
<b>Net funds</b>	426,005	663,707	(40,312)	1,049,400

#### **26. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2014 Weston St. Mary's Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Lincoln Anglican Academy Trust from Lincolnshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2015 £
Freehold/leasehold land and buildings	-	-	970,000	970,000
LGPS pension deficit	-	(40,000)	-	(40,000)
Other identified assets and liabilities	128,732	-	-	128,732
<b>Total</b>	128,732	(40,000)	970,000	1,058,732

The above net assets include £128,732 that was transferred as cash.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **27. ACQUISITION OF AN EXISTING ACADEMY TRUST**

On 1 April 2015 an existing academy trust, William Lovell Church of England Academy joined the Trust and all the operations and assets and liabilities were transferred to Lincoln Anglican Academy Trust for £NIL consideration.

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

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

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Restricted fixed asset funds £</b>	<b>2015 £</b>
Freehold/leasehold land and buildings	-	-	5,879,568	5,879,568
LGPS pension deficit	-	(959,000)	-	(959,000)
Other identified assets and liabilities	364,288	-	133,604	497,892
<b>Total</b>	<b>364,288</b>	<b>(959,000)</b>	<b>6,013,172</b>	<b>5,418,460</b>

The above net assets include £364,288 that was transferred as cash.

#### **28. PENSION COMMITMENTS**

The Trust'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 Hymans Robertson LLP. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

##### **Teachers' Pension Scheme**

###### **Introduction**

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

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

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

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#### **28. PENSION COMMITMENTS (continued)**

##### **Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £337,684.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

##### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £217,000, of which employer's contributions totalled £171,000 and employees' contributions totalled £46,000. The agreed contribution rates for future years are 23.3% and 19.9% for employers and varied 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.

As described in note 26 and 27 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**

#### **28. PENSION COMMITMENTS (continued)**

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2015 %</b>	<b>Fair value at 31 August 2015 £</b>	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>
Equities	3.70	1,022,000	6.40	294,000
Bonds	3.70	153,000	3.30	44,000
Property	3.70	160,000	4.50	33,000
Cash	3.70	11,000	3.30	12,000
Gilts	3.70	16,000	-	-
Total market value of assets		<u>1,362,000</u>		<u>383,000</u>
Present value of scheme liabilities		<u>(3,210,000)</u>		<u>(1,221,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,848,000)</u></u>		<u><u>(838,000)</u></u>

The amounts recognised in the Balance Sheet are as follows:

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Present value of funded obligations	(3,210,000)	(1,221,000)
Fair value of scheme assets	<u>1,362,000</u>	<u>383,000</u>
Net liability	<u><u>(1,848,000)</u></u>	<u><u>(838,000)</u></u>

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Current service cost	(245,000)	(48,000)
Interest on obligation	(74,000)	(17,000)
Expected return on scheme assets	<u>44,000</u>	<u>9,000</u>
Total	<u><u>(275,000)</u></u>	<u><u>(56,000)</u></u>
Actual return on scheme assets	<u><u>39,000</u></u>	<u><u>16,000</u></u>

**LINCOLN ANGLICAN ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**28. PENSION COMMITMENTS (continued)**

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

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Opening defined benefit obligation	1,221,000	-
Current service cost	245,000	48,000
Interest cost	74,000	17,000
Contributions by scheme participants	50,000	10,000
Actuarial (gains)/losses	(150,000)	96,000
Liabilities on conversion	1,773,000	1,050,000
Benefits paid	(3,000)	-
	<hr/>	<hr/>
Closing defined benefit obligation	3,210,000	1,221,000
	<hr/>	<hr/>

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

	<b>Year ended 31 August 2015 £</b>	<b>10 months ended 31 August 2014 £</b>
Opening fair value of scheme assets	383,000	-
Expected return on assets	44,000	9,000
Actuarial gains and (losses)	(68,000)	9,000
Contributions by employer	182,000	37,000
Contributions by employees	50,000	10,000
Assets on conversion	774,000	318,000
Benefits paid	(3,000)	-
	<hr/>	<hr/>
	1,362,000	383,000
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £6,000 (2014 - £87,000).

The Trust expects to contribute £226,000 to its Defined Benefit Pension Scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2015</b>	<b>2014</b>
Equities	75.10 %	77.00 %
Bonds	11.20 %	11.00 %
Gilts	1.20 %	- %
Property	11.70 %	8.00 %
Cash	0.80 %	4.00 %

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2015**

#### **28. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2015</b>	<b>2014</b>
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	5.80 %	5.70 %
Rate of increase in salaries	4.00 %	3.90 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %

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

	<b>2015</b>	<b>2014</b>
Retiring today		
Males	22.0	22.0
Females	24.3	24.2
Retiring in 20 years		
Males	24.4	24.3
Females	26.8	26.7

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Defined benefit obligation	(3,210,000)	(1,221,000)
Scheme assets	1,362,000	383,000
Deficit	<u>(1,848,000)</u>	<u>(838,000)</u>
Experience adjustments on scheme liabilities	150,000	(96,000)
Experience adjustments on scheme assets	<u>(68,000)</u>	<u>9,000</u>

#### **29. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>			<b>Other</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	-	-	1,960	980
Between 2 and 5 years	-	-	13,351	23,351

# **LINCOLN ANGLICAN ACADEMY TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS** ***FOR THE YEAR ENDED 31 AUGUST 2015***

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#### **30. RELATED PARTY TRANSACTIONS**

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

#### **31. CONTROLLING PARTY**

The Trustees' as a body have ultimate control of the Trust.