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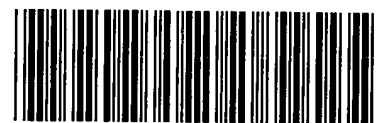
THE LIME ACADEMY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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THE LIME ACADEMY TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	M Gray L Churchman OBE J W Cassels S Cardwell L Collison
Trustees	L Harrowell, Chief Executive C A Constanti, Chair (resigned 22 September 2016) L Churchman, Chair (appointed 19 May 2016) A Daoud N Graham C Cole (appointed 26 November 2015) M Orlovsky (appointed 26 November 2015) B Ball (appointed 26 November 2015, resigned 22 September 2016) L Allister (resigned 29 February 2016)
Company registered number	09297519
Company name	The Lime Academy Trust
Registered office	70-72 New Road Chingford London E4 8ET
Larkwood Academy local governing body	E Stanway, Chair G Pocock, Vice Chair L Harrowell, Headteacher J Open, Head of School (appointed 22 January 2016) V Bruce, Staff Governor N Graham, Co-opted Governor L Collison, Co-opted Governor K Milligan, Parent Governor (appointed 22 January 2016) A Constanti, Trust appointed Governor (appointed 18 March 2016)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Company secretary J Littman

Chief executive officer L Harrowell

Senior management team

L Harrowell, CEO/ Executive Headteacher
B Plunkett, Consultant Headteacher
C Reynolds, Consultant Headteacher
J Open, Head of school (appointed 1 January 2016)
V Lock, Deputy Headteacher (appointed 1 January 2016)
B Dilnot-Smith, Deputy Headteacher (appointed 1 January 2016)
A Daoud, Chief Operating Officer (appointed 1 September 2015)
K Reynolds, Deputy Headteacher
H Tyler, Director of CPD (appointed 1 June 2016)

Independent auditors Haslers
Chartered Accountants
Statutory Auditor
Old Station Road
Loughton
Essex
IG10 4PL

Bankers Lloyds Bank PLC
Chingford
London
E4 6SW

Solicitors Winkworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

THE LIME ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Lime Trust currently operates a single academy, Larkwood Primary Academy, for pupils aged 2 – 11 years serving a catchment area in Chingford E4 in the London Borough of Waltham Forest. It has a pupil capacity of 800 and had a roll of 782 in the school census on 1st October 2015.

Structure, governance and management

a. CONSTITUTION

The Lime Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association (dated 19th May 2016) are the primary governing documents of the Trust. The trustees of Lime Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Lime Academy Trust.

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

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 £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the Trust is the responsibility of the Trustees who are appointed under the terms of the Articles of Association and funding agreement as follows:

- the Chief Executive Officer of the Trust ex-officio
- the Chief Operations Officer of the Trust ex-officio
- one Academy Director
- other trustees, appointed by the Trust board
- any trustees appointed by the Secretary of State for Education

There are no Parent Trustees; there is instead parent representation on Academy Councils. The terms of office of the Chief Executive Officer and the Chief Operations Officer of the Trust run parallel with their terms of appointment. The term of office for other Trustees is four years.

The Trust Board regularly undertakes self-review and a skills audit.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the period under review, the governors held 4 full board meetings. The training and induction provided for new governors depends on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters.

Winckworth Sherwood continue to provide the Board with training; Haslers have been instructed to work to guide the MAT Board through financial accountability processes.

e. ORGANISATIONAL STRUCTURE

Members

The Members are the guardians of the constitution, determining the governance structure of the Trust and providing oversight and challenge of the Trustees to ensure the charitable object of the Trust is being fulfilled.

The Members' key responsibilities are:

- to ensure the Objects of the Trust are met, the Annual Report should address this which will be presented to the Members either at the Annual General Meeting or by other means;
- to determine the Trust's constitution and governance, i.e. the Articles which were finalised on incorporation; and
- exercising either a direct power under the Articles or a statutory power under the Companies Act 2006 to appoint and remove Trustees (noting any power of the Trust Board to make such appointments).

Trustees and the Trust Board

The Trustees have overall responsibility and ultimate decision making authority for all the work of the Trust, including the establishing and maintaining of the Academies (which includes taking existing schools into the Trust). The Trustees have the power to direct change where required.

As trustees of a charity, the Trustees have a fiduciary duty to act in good faith in the best interests of the charity.

This duty includes a responsibility to do the following:

- to ensure compliance with any legal obligations;
- to report on the charity's activities (the Trust must prepare accounts in accordance with the Statement of Recommended Practice for Charities, the so called "Charity SORP");
- to fulfil the charitable object of the charity as set out in its constitution (i.e. the Articles of Association) and to act in a way which is compliant with the rules of the charity contained in the Articles;
- to act with integrity and to avoid any personal conflicts of interest and not to misuse any charity funds or assets;
- to act prudently in the financial management of the Trust, avoiding putting any assets, funds or reputation of the Trust at undue risk;
- to exercise reasonable care and skill, using personal knowledge and experience to ensure the Trust is well run and efficient; and
- to act responsibly, getting advice from others, including professional advisors, where appropriate.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Trust Board has approved a scheme of delegation, a statement on the system of internal control, responsibilities, standing orders, and terms of reference.

The Chief Executive Officer is directly responsible for the day to day running of the Trust and is assisted by an executive team. The Chief Executive assumes the Accounting Officer role.

Related Parties and other Connected Charities and Organisations

Objectives and Activities

a. OBJECTIVES, STRATEGIES AND ACTIVITIES

The purpose of the Lime Trust is to provide high quality education for primary-age pupils of all abilities through school to school collaboration and Trust direction and support.

Vision and Values

Our long term goal is to establish a successful Multi Academy Trust of primary schools which work collaboratively to make a positive difference to the lives and opportunities of the children, young people and adults within our schools and the global community.

The Trust is committed to

- Setting the standard – for all pupils, all staff, all parents and stakeholders
- Putting children first – a moral purpose to place pupils' learning and wellbeing at the centre of all that we do
- Capacity-rich schools

The Trust is ambitious, optimistic and forward-looking. It will build capacity in its academies. It will celebrate diversity and wellbeing. It will

- Deliver rapid and sustained improvement in mainly large primary schools
- Grow young leaders to headship in challenging schools
- Recruit and retain the very best teachers to deliver Quality First teaching

The Academies, and those responsible for the governance and management of the Trust and the Academies, have committed to working in partnership, supporting one another. The Trust is guided by the following principles:

Equal Partners

The Academies are equal partners within the Trust and at all times the partners will strive for consensus in decision making, recognising that each Academy has both strengths and weaknesses. The Academies will seek to preserve and protect each other's distinctiveness and will be respectful of each Academy's respective ethos and mission. The Academies will work collaboratively with each other, sharing resources, knowledge and best practice, to fulfil the Trust's mission, vision and values.

Transparency

All those involved in the running and oversight of the Trust and the Academies will be open and honest in their dealings with each other, at all times acting in good faith and recognising the value of independence and separation in relation to decision making.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Subsidiarity

Decisions are to be taken at the level nearest to those affected by those decisions which is compatible with the principles of solidarity and support for the common good, avoiding unnecessary bureaucracy and aiming in so far as possible to make changes to established practices only where it can be demonstrated there is a reasonable need. Where governance responsibility is delegated appropriate decision making authority will be given. The parameters of such authority will be clear and those to whom responsibility is given will be required to report to those who retain overall responsibility.

Solidarity

All those with responsibility for the Trust and the Academies share a particular commitment to the mutual support of all Academies for whom the Trust is responsible, especially those that are in need of assistance at any particular time. Accordingly, the Lime Trust recognises the obligation to contribute to the common good of all Academies from out of the resources entrusted to them. The Trustees will ensure that common action and collaboration is conducted at the correct level and that the balance between subsidiarity and solidarity serves the common good in the most appropriate way.

The Common Good

All recognise their responsibility towards the common good, not just of the Academies for whom the Trust is responsible but of all of the families and communities in the areas served by the Trust. In light of the principle of common good, those with particular responsibility for an Academy acknowledge the desire and obligation on the Trustees to put in place measures to ensure that any Academy for whom the Trust is responsible is supported when the need arises.

b. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Achievements and performance

a. GOING CONCERN

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. GROWTH OF TRUST

Lime Trust submitted an application in March 2016 to open a Free School in the Chase area of the London Borough of Enfield. The application was fast-tracked to approval in July 2016 and Lime Academy Ridgeway is now in the Pre Opening phase. The Trust has very good relationships with the two Regional School Commissioner offices serving North West London and North East London & East Anglia, and is being encouraged to make further Free School applications as well as using its sponsor status to welcome further schools into the Trust. The Trust is also in discussion with a number of maintained schools about joining the Trust.

Lime Trust has added significantly to its capacity by recruiting key staff to drive school improvement including school to school support, quality CPD and to prepare to deliver Initial Teacher Education. Helen will work across the Trust to develop our strong foundations of initial teacher training including Schools Direct programmes, high-quality internal CPD and the encouragement of staff to take up quality external training challenges. This programme is also made available to other schools, and there has been significant take up.

Capacity

Our assessment is that Lime Trust has the majority of the infrastructure capacity in place to lead and manage as an Established Trust of 6 – 20 schools and an understanding of ways to grow that capacity as the Trust grows.

Growth strategy

1. Mainly large primaries
2. Free Schools
3. All Through Schools

Our preference is to establish geographical clusters of 10 schools each with a Director of Teaching, Learning and Standards. There would be a mixture of converters, sponsored and free schools.

North East London:

- Waltham Forest Cluster: 1,700 children excluding nursery
1 x 3FE primary: Larkswood
1 x all through, 2FE primary/4FE secondary
- Enfield Cluster: 1,900 children excluding nursery
1 x 3FE primary Free Schools agreed to preopening 2017 Lime Academy Ridgeway
2 x 3FE primary Free Schools, applications made in Wave 12 September 2016 for 2018 and 2019
- Barking & Dagenham Cluster: 2,500 children excluding nursery
1 x 4FE primary
2 x 4FE Free Schools, invited by RSC to apply in Wave 13 Spring 2017

Cambridgeshire:

Peterborough Cluster: 1,785 children excluding nursery - current figures; all schools are down on PAN

- 1 x 3FE
- 1 x 2FE
- 1 x 1.5FE
- 1 x 2FE

Total number of children is 7,885, which brings strong financial viability.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. KEY FINANCIAL PERFORMANCE INDICATORS

One academy in Lime Trust reported results from Summer 2016. Larkwood Primary Academy opened as a converter academy in February 2015. Its previous Ofsted inspection as a maintained school in November 2012 judged Overall Effectiveness to be Good.

The quality of teaching remains very high, attendance is close to national averages and the number of fixed term exclusions is low.

Pupils at the academy continue to significantly outperform national averages at EYFS, Phonics Screening and KS1 assessment levels. The changes to curriculum and assessment in KS2 mean that 2016 results are not comparable with previous years, though national results are available for 2016. Larkwood received outstanding results in Writing and Maths with a disappointing Reading outcome, which has been thoroughly analysed. The Combined total is 6% above national. Progress scores from a high base in KS1 show a similar pattern.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Reception pupils achieving a Good Level of Development:

	2014 %	2015 %	2016 %
School	84	85	84
National	60	66	69

Y1 Phonics screening:

	2014 %	2015 %	2016 %
School	90	94	87
National	74	77	81

KS1 2016 data (yet to be validated):

	Reading %	Writing %	Maths %	Combined %
School	80	73	81	71
National	74	66	73	60

KS2 2016 data (yet to be validated):

	Reading %	Writing %	GP&S %	Maths %	Combined %
School	60	87	82	88	59
National	66	74	66	70	53

Progress scores 2016:

	Reading	Writing	Maths
Larkwood	- 2.4	+ 2.4	+ 1.2

The school was oversubscribed with first choices for entry to reception in 2016.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

a. PRINCIPAL RISKS AND UNCERTAINTIES

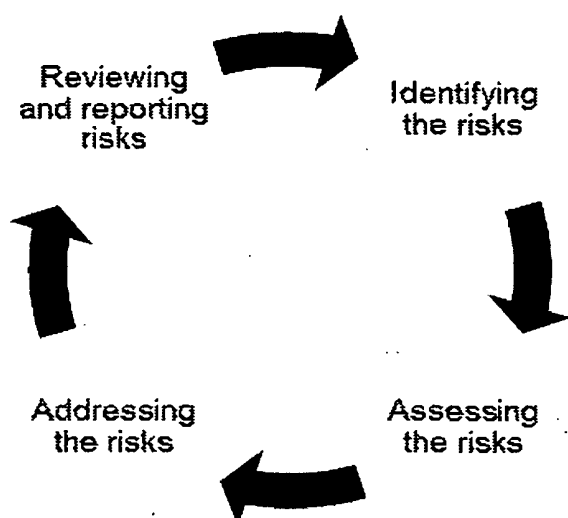
The Trust has faced a number of national events that have proved to be barriers to growth. The Trust has faced significant risks which include:

- The General Election and the purdah preceding it
- The Education and Adoption Bill
- The EU referendum
- The new measures on Primary Accountability including those around coasting schools

All the factors above have led to a reduction in the number of schools converting and also the RSC's powers to intervene in failing schools have been delayed. The Trust's central team was developed following a successful application for Sponsor Capacity funding. The Executive Team has worked successfully to mitigate risk by entering into secondment agreements for a number of key leaders including the consultant heads with the London Borough of Waltham Forest and also with Reach 2 in Croydon providing two interim headteachers. In September 2016 following a meeting with Tim Coulson, RSC, the Trust has begun serious conversations with a cluster of schools in Peterborough. Clare Reynolds, consultant head begins in an interim headship on November 21st 2016.

The Trust's accounts show an in-year balanced budget due to the income generated by the Trust's central team delivering school to school support. However, the net deficit exceeds £186,000 in these financial statements, which are as a result of high PFI arrangement costs that the academy face as can be seen in note 7 of the accounts. We, as an academy are estimating a balanced budget in the coming year and looking at the management of these PFI costs and their impact to us moving forward.

The Lime Academy Trust adopts the following risk model when undertaking its strategic risk management process:



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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Risk Management is the process of identifying risks and then responding to them. Internal controls for risks involve:

- Tolerating the risk
- Treating the risk
- Transferring the risk
- Terminating the risk

Consideration is given to the following factors:

- Strategic and Reputational Risks
- Operational Risks
- Compliance Risks
- Financial Risks

The Lime Academy Trust maintains Risk Register addresses each action and indicates the acceptable control system currently in place to limit the risk exposure. Clear responsibilities and accountabilities have been allocated alongside a scheduled date for review.

The Risk Register will be reviewed by the CEO, Finance and Business Director and the Board to ensure that risks are identified and that the appropriate control measures are in place.

b. RESERVES POLICY

The Board review the reserves level of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The level of reserves will be kept under review by the Trustees.

It should be noted that as the majority of income is received from the EFA with restrictions on the amount that can be carried forward, the Trustees are therefore mindful that it is not possible to build up free reserves in line with other non-educational charities.

Larkswood Primary Academy is expected to hold contingency reserves from their yearly General Annual Grant or other income to fund future Capital projects and development projects. The element of reserve should not exceed 12% of the General Annual Grant. If it does exceed this amount, then a sufficient explanation should be forwarded to the Education Funding Agency and approved via the Trustees. The 12% restriction is an internal policy however an no restriction is implied by the EFA.

The Trustees of the Lime Trust require a revenue reserve to be created to fund future expenditure related to the Academy Improvement Plan, strategic long-term aims and developments.

c. REVIEW OF ACTIVITIES

The Trust's accounts show an in-year pre pension deficit of £186,650, however this includes high PFI arrangement costs that the academy face as can be seen in note 7 of the accounts. We, as an academy are estimating a balanced budget in the coming year and looking at the management of these PFI costs and their impact to us moving forward.. Considering the Trust has invested heavily in staff development and training for the future, this is considered reasonable. The Trust has successfully generated considerable income in the current year, primarily due to the Trust's central team delivering school to school support which will be more prevalent in future periods as a result of the in year investment.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Chair of the Board directed the CEO to commission Hays to lead a review of remuneration of key Lime Trust staff against a series of benchmarks [see report]. This has guided Lime Trust pay scales and performance related pay. For all other staff the Trust has used School Teachers Pay and Conditions and the National Scales for support staff. The Trust pays Inner London Allowance for Larkwood Academy staff.

Plans for future periods

a. FUTURE DEVELOPMENTS

Plans for future periods

The Lime Trust carries out a detailed annual self-evaluation exercise involving staff and trustees to generate a Work Plan to address key issues and actions. The Trust Board also agrees a rolling three year Business Plan which fully reviews the Trust's current position and provides a growth strategy for the future. The Business Plan includes a detailed review of the provision of services within the Lime Trust group.

Growth strategy: strong governance

The Board brings together high level skills and provides the vision and strategy, financial probity and holds the executive team and academies to account. It takes and acts on professional advice from our legal and finance partners, Winckworth Sherwood and Haslars. The published Scheme of Delegation is explicit about roles and responsibilities, and is kept under review. Each Academy Council has a key role and important responsibilities in relation to its school, including the inputs of parents and staff. New and joining schools have a clear governance route into full status within Lime Trust.

Growth strategy: school leaders

The Trust has existing highly competent, positive young leaders being generated and developed through the Trust. The most recent of these is on a Trust contract that gives mobility between academies. Growth strategy is to extend this model to new Academies as capacity-rich schools.

The Trust will implement succession planning, talent spotting and encouragement to progress. Young leaders can gain extra experience, study for qualifications and contribute to our development.

Growth strategy: quality teachers

Larkwood Academy has developed a very strong ITT and NQT structure including links with SCITT and other ITT providers. This programme will be retained and developed across the group, which is made possible by a tight geographical area within reach of the same partner providers.

Through excellent financial management it has been possible to pay full Inner London allowances to all its employees, a major attraction for young teachers/other staff in Outer London in recruitment and retention. The Trust will look to achieve this in other academies, and provide similarly positive remuneration in academies outside London.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Growth strategy: number of academies

The Lime Trust will build its capacity through a medium term target to lead and manage as an Established Trust of 6-20 schools, recruited from a mix of sponsorships, new provision and conversions. Our assessment is that the Trust has the majority of the infrastructure necessary to lead and manage an Established Trust and an understanding of ways to grow that capacity as the Trust grows.

Growth strategy: Trust services

The Lime Trust secures value for money and consistent quality of support services through a combination of centrally procured and provided services. The Lime Trust retains a percentage of each academy's monthly EFA income in order to provide these services. The percentage retention for the period to 31st August 2016 was 5%.

The Lime Trust will provide support building upon individual learning and/or areas of strength between academies to improve key aspects of performance. It will continue to seek to achieve best value in service delivery especially where partnership working can add value.

Initial Teacher Trainer / Initial Teacher Education

The government has placed increased focus on school-led initial teacher training, moving away from university based routes. Lime Trust will offer a bespoke ITT/ITE programme (leading to QTS) commencing 2017/18 which will train our future teachers and leaders within the partnership Lime Trust schools. The programme will feature the acquisition of pedagogical skills and practices in the classroom combined with the rigour of educational theory, subject knowledge and classroom based research. The recommendations of the Carter Review on ITT published in 2015 will be prioritised to create an outstanding and robust training experience.

Career Professional Development / Career Professional Learning

With the introduction of the "Standard for teachers' professional development" by the Department of Education in July 2016, responsibility falls on each school to ensure that teachers' knowledge and skills are developed as their careers progress. It requires a pervasive culture of scholarship with a shared commitment for teachers to develop so that pupils benefit from the highest possible teaching. Lime Trust has delivered a programme of effective CPD this year 2016/17 and will move into developing a bespoke provision of courses to facilitate high quality professional development in 2017/18 because "every teacher needs to improve, not because they are not good enough, but because they can be even better" (Dylan William: DfE guidance 2016).

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

This report was approved by order of the board of trustees as the company directors, on 24 November 2016 and signed on its behalf by:



C Cole
Trustee

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Lime 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Lime 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 Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
L Harrowell, Chief Executive	4	4
C A Constanti	3	4
L Churchman, Chair	4	4
A Daoud	4	4
N Graham	2	4
C Cole	2	4
M Orlovsky	3	4
B Ball	3	4

The Finance and Audit Committee is a sub-committee of the main board of trustees.

Its purpose is to ;

- Draw any matters of significance or concern to the attention of the Governing Body
- Consider and recommend acceptance or non-acceptance of the Academy Budget for approval at the start of each financial year
- Review and decide remuneration for those members of staff on the Leadership scale
- Monitor and review expenditure on a regular basis and ensure compliance with overall financial planning and EFA financial regulations.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C A Constanti	2	2
L Churchman	2	2
L Harrowell	2	2
A Daoud	2	2
N Graham	0	2
C Cole	1	2
M Orlovsky	0	2
B Ball	1	2

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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 academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

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 The Lime Academy Trust for the year 1 September 2015 to 31 August 2016 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The 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 and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Haslers, the external auditors, to perform additional checks.

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GOVERNANCE STATEMENT (continued)

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a semi-annual basis, the auditors report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal 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 external auditors;
- 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 and Audit 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 24 November 2016 and signed on their behalf, by:



C Cole
Trustee



L Harrowell
Accounting Officer

THE LIME ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

The Trust have not complied with the process stated in their Financial Regulations Manual regarding Trustee's expenses. Expense claim forms were not completed and the amount paid were higher than the limits per the Financial Regulation Manual.

In one instance during the year the process as stated in the academy's Financial Regulations Manual of obtaining three quotes over £5,000 was not adhered to. This was a one off event and the expenditure was authorised by the appropriate persons.



L Harrowell
Accounting Officer

Date: 24 November 2016

THE LIME ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of The Lime Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts 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 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 24 November 2016 and signed on its behalf by:



C Cole
Trustee

THE LIME ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LIME ACADEMY TRUST**

We have audited the financial statements of The Lime Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, 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 charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

THE LIME ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LIME ACADEMY TRUST**

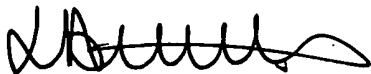
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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.

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.



Laura A Ambrose (Senior statutory auditor)

for and on behalf of

Haslers

Chartered Accountants
Statutory Auditor

Old Station Road
Loughton
Essex
IG10 4PL
24 November 2016

THE LIME ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE LIME
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 February 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lime Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE LIME ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Lime Academy Trust's funding agreement with the Secretary of State for Education dated 30 January 2015, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE LIME
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

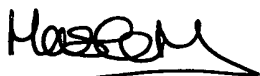
- Review of governance procedures including inspection of Trustee and relevant Board minutes
- A review of Financial Controls Procedures and related records
- Discussions with the Accounting Officer and the Business Manager
- Reviewing the procedures for identifying and declaring related parties and other business interests
- Assessment and testing of a sample of the specific control activities over regularity of a particular activity
- Perform sample testing of expenditure ensuring items are for the Trust's purposes and are appropriately authorised
- Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
- Obtaining formal representation from the Trustees and accounting officer acknowledging their responsibilities
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The Trust have not complied with the process stated in their Financial Regulations Manual regarding Trustee's expenses. Expense claim forms were not completed and the amount paid were higher than the limits per the Financial Regulation Manual.

In one instance during the year the process as stated in the academy's Financial Regulations Manual of obtaining three quotes over £5,000 was not adhered to. This was a one off event and the expenditure was authorised by the appropriate persons.



Haslers

Chartered Accountants
Statutory Auditor

Old Station Road
Loughton
Essex
IG10 4PL

24 November 2016

THE LIME ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	66,656	-	-	66,656	15,803,925
Charitable activities	3	-	3,791,195	12,208	3,803,403	2,318,960
Other trading activities	4	385,904	-	-	385,904	81,714
Investments	5	531	-	-	531	198
TOTAL INCOME		453,091	3,791,195	12,208	4,256,494	18,204,797
EXPENDITURE ON:						
Raising funds		60,089	-	-	60,089	33,744
Charitable activities		259,272	3,943,779	180,004	4,383,055	2,412,951
TOTAL EXPENDITURE	6	319,361	3,943,779	180,004	4,443,144	2,446,695
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	133,730 (246,445)	(152,584) 162,343	(167,796) 84,102	(186,650) -	15,758,102 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(112,715)	9,759	(83,694)	(186,650)	15,758,102
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(538,000)	-	(538,000)	189,000
NET MOVEMENT IN FUNDS		(112,715)	(528,241)	(83,694)	(724,650)	15,947,102
RECONCILIATION OF FUNDS:						
Total funds brought forward		179,063	(1,060,439)	16,828,478	15,947,102	-
TOTAL FUNDS CARRIED FORWARD		66,348	(1,588,680)	16,744,784	15,222,452	15,947,102

THE LIME ACADEMY TRUST
(A company limited by guarantee)
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BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		16,768,844		16,828,479
CURRENT ASSETS					
Debtors	14	241,594		145,169	
Cash at bank and in hand		223,045		413,488	
		<u>464,639</u>		<u>558,657</u>	
CREDITORS: amounts falling due within one year	15	(374,031)		(348,034)	
NET CURRENT ASSETS			90,608		210,623
TOTAL ASSETS LESS CURRENT LIABILITIES			16,859,452		17,039,102
Defined benefit pension scheme liability	20		(1,637,000)		(1,092,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>15,222,452</u>		<u>15,947,102</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	48,320		31,561	
Restricted fixed asset funds	16	16,744,784		16,828,478	
Restricted income funds excluding pension liability		<u>16,793,104</u>		<u>16,860,039</u>	
Pension reserve		(1,637,000)		(1,092,000)	
Total restricted income funds			15,156,104		15,768,039
Unrestricted income funds	16		66,348		179,063
TOTAL FUNDS			<u>15,222,452</u>		<u>15,947,102</u>

The financial statements were approved by the Trustees, and authorised for issue, on 24 November 2016 and are signed on their behalf, by:



C Cole
Trustee



L Harrowell
Accounting Officer

The notes on pages 26 to 45 form part of these financial statements.

THE LIME ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(82,813)	285,118
Cash flows from investing activities:			
Dividends, interest and rents from investments		531	198
Purchase of tangible fixed assets		(120,369)	(12,372)
Capital funding received from sponsors and others		12,208	11,884
Cash transferred on conversion to an academy trust		-	128,660
Net cash (used in)/provided by investing activities		(107,630)	128,370
Change in cash and cash equivalents in the year		(190,443)	413,488
Cash and cash equivalents brought forward		413,488	-
Cash and cash equivalents carried forward		223,045	413,488

THE LIME ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Lime Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Lime Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Lime Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

1.2 Going concern

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

THE LIME ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

THE LIME ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed 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	-	33.3% straight line

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Taxation

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

1.8 Debtors

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

THE LIME ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

1.11 Pensions

Retirement benefits to employees of the academy 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE LIME ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.12 Fund accounting

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

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

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

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

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE LIME ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	21,783	-	-	21,783	10,763
Transfer from local authority on conversion	-	-	-	-	15,768,500
Trips & other related activities	44,873	-	-	44,873	24,662
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total donations and capital grants	66,656	-	-	66,656	15,803,925
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

In 2015, of the total income from donations and capital grants, £128,660 was to unrestricted funds and £15,675,265 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants			
General Annual Grant	3,152,475	3,152,475	1,756,748
Start Up Grant	-	-	25,000
Other DfE/EFA grants	421,781	421,781	402,097
	<u> </u>	<u> </u>	<u> </u>
	3,574,256	3,574,256	2,183,845
	<u> </u>	<u> </u>	<u> </u>
Other government grants			
Local authority grants	229,147	229,147	135,115
	<u> </u>	<u> </u>	<u> </u>
	229,147	229,147	135,115
	<u> </u>	<u> </u>	<u> </u>
	3,803,403	3,803,403	2,318,960
	<u> </u>	<u> </u>	<u> </u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £2,318,960 was to restricted funds.

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering income	50,613	-	50,613	25,067
Hire of facilities and secondment of staff	320,509	-	320,509	50,205
Breakfast and music club income	7,662	-	7,662	1,399
Other income	7,120	-	7,120	5,043
	<u>385,904</u>	<u>-</u>	<u>385,904</u>	<u>81,714</u>

In 2015, of the total income from other trading activities, £50,205 was to unrestricted funds and £31,509 was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	531	-	531	198

In 2015, of the total investment income, £ 198 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	60,089	60,089	33,744
Primary education:					
Direct costs	2,335,561	40,495	212,020	2,588,076	1,396,652
Support costs	666,433	749,272	379,274	1,794,979	1,016,299
	<u>3,001,994</u>	<u>789,767</u>	<u>651,383</u>	<u>4,443,144</u>	<u>2,446,695</u>

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7. CHARITABLE ACTIVITIES

	Total funds 2016 £	<i>Total funds 2015 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,858,708	1,033,621
National insurance	154,038	81,035
Pension cost	300,600	159,203
Depreciation	40,495	17,811
Educational supplies	158,050	65,388
Staff development	32,377	12,503
Educational support staff costs	22,215	20,005
Other direct costs	21,593	7,086
	<u>2,588,076</u>	<u>1,396,652</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	543,900	123,192
National insurance	35,534	9,389
Pension cost	87,000	77,000
Depreciation	139,509	74,923
Pension finance expense	42,000	25,000
Staff development	909	80,287
Catering	134,870	139,012
Maintenance of premises and equipment	22,561	5,189
Insurance	14,770	14,746
Rates	22,201	13,575
Transport fees	46	101
Legal and Professional	48,354	21,570
Printing, postage and stationary	4,600	8,848
ICT and technology costs	67,762	36,425
Other support costs	14,797	22,190
Telephone and fax	6,073	3,224
Trust board costs	9,781	-
Advertising	14,070	-
PFI expenditure	565,001	348,778
Governance costs	21,241	12,850
	<u>1,794,979</u>	<u>1,016,299</u>
	<u><u>4,383,055</u></u>	<u><u>2,412,951</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	180,004	92,734
Auditors' remuneration - audit	6,850	6,950
Auditors' remuneration - other services	7,200	5,900
	<u> </u>	<u> </u>

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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,402,608	1,156,813
Social security costs	189,572	90,425
Operating costs of defined benefit pension schemes	387,599	236,202
	<u>2,979,779</u>	<u>1,483,440</u>
Other costs	22,215	20,005
	<u>3,001,994</u>	<u>1,503,445</u>

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

	2016 No.	2015 No.
Teachers	35	34
Admin and Support Staff	62	59
Management	9	6
	<u>106</u>	<u>99</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	2	0
In the band £90,001 - £100,000	1	0

The above employees participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including pension contributions) received by key management personnel for their services to the academy trust was £643,936 (2015: £296,497).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. CENTRAL SERVICES

The Lime Trust core services make sure that each school is putting children first, setting the standards and is capacity rich. As the Trust grows it will recruit experienced personnel to key positions for example, School Improvement, HR and Estate Management. The schools' 6% contribution, which is applied to the General Annual Grant excluding SEN funding, PFI funding and Pupil Premium, includes the following:

- School improvement
- Finance
- HR and governance
- Facilities management, estates and compliance

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Larkwood Primary Academy	<u>141,013</u>	<u>116,245</u>

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016 £	2015 £
L Harrowell (Headteacher and trustee)	Remuneration	95,000-100,000	50,000-55,000
	Pension contributions paid	15,000-20,000	5,000-10,000
A Daoud (Chief Operating Officer)	Remuneration	70,000-75,000	30,000-35,000
	Pension contributions paid	20,000-25,000	5,000-10,000

During the year ended 31 August 2016, expenses totalling £6,142 (2015 - £456) were reimbursed to 5 Trustees (2015 - 1).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy 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 £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,534 (2015 - £2,016).

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**NOTES TO THE FINANCIAL STATEMENTS
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13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	16,823,000	1,454	96,759	16,921,213
Additions	-	67,402	52,967	120,369
At 31 August 2016	16,823,000	68,856	149,726	17,041,582
Depreciation				
At 1 September 2015	74,923	106	17,705	92,734
Charge for the year	128,440	11,069	40,495	180,004
At 31 August 2016	203,363	11,175	58,200	272,738
Net book value				
At 31 August 2016	16,619,637	57,681	91,526	16,768,844
At 31 August 2015	16,748,077	1,348	79,054	16,828,479

Included in land and buildings is freehold land at valuation of £10,401,000 (2015: £10,401,000) which is not depreciated.

14. DEBTORS

	2016 £	2015 £
Trade debtors	148,030	12,447
VAT recoverable	40,729	25,093
Prepayments and accrued income	52,835	107,629
	<u>241,594</u>	<u>145,169</u>

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	22,424	-
Other taxation and social security	71,123	52,676
Accruals	280,484	295,358
	<u>374,031</u>	<u>348,034</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	179,063	453,091	(319,361)	(246,445)	-	66,348
Restricted funds						
General Annual Grant (GAG)	31,561	3,152,475	(3,346,379)	162,343	-	-
Pupil premium	-	300,269	(251,949)	-	-	48,320
Other DfE/ EFA grants	-	327,816	(327,816)	-	-	-
Local authority grants	-	10,635	(10,635)	-	-	-
Pension reserve	(1,092,000)	-	(7,000)	-	(538,000)	(1,637,000)
	<u>(1,060,439)</u>	<u>3,791,195</u>	<u>(3,943,779)</u>	<u>162,343</u>	<u>(538,000)</u>	<u>(1,588,680)</u>
Restricted fixed asset funds						
Assets donated on conversion	16,817,393	-	(163,829)	84,102	-	16,737,666
Capital expenditure from GAG	11,085	-	(3,967)	-	-	7,118
Capital grants	-	12,208	(12,208)	-	-	-
	<u>16,828,478</u>	<u>12,208</u>	<u>(180,004)</u>	<u>84,102</u>	<u>-</u>	<u>16,744,784</u>
Total restricted funds	<u>15,768,039</u>	<u>3,803,403</u>	<u>(4,123,783)</u>	<u>246,445</u>	<u>(538,000)</u>	<u>15,156,104</u>
Total of funds	<u>15,947,102</u>	<u>4,256,494</u>	<u>(4,443,144)</u>	<u>-</u>	<u>(538,000)</u>	<u>15,222,452</u>

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

General Annual Grant (GAG) grant fund - Funds received from the EFA under the General Annual Grant arrangements for the recurrent expenditure of the school as defined in the Funding Agreement.

Pupil premium - Funds received from the EFA under the Pupil Premium grant arrangements for the recurrent expenditure of the school as defined in the Funding Agreement.

Other DfE/ EFA grants - Other government grants received for restricted educational purposes not forming part of General Annual Grant.

Local authority grants - Grants received from the local authority received for restricted educational purposes.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. STATEMENT OF FUNDS (continued)

Other restricted funds - General monies received for restricted educational purposes not forming part of General Annual Grant or other DfE/EFA grants.

Pension reserve - The pension reserve recognises the deficit of the local government pension scheme.

Restricted fixed asset fund - The purpose of the Restricted Fixed Asset Fund is to hold the Academy's fixed assets recorded net of depreciation.

Analysis of academy by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	<i>Total 2015 £</i>
Larkswood Primary Academy	216,296	142,446
Central services	(101,628)	68,178
Total before fixed asset fund and pension reserve	114,668	210,624
Restricted fixed asset fund	16,744,784	16,828,478
Pension reserve	(1,637,000)	(1,092,000)
Total	15,222,452	15,947,102

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	<i>Total 2015 £</i>
Larkswood Primary Academy	2,336,144	703,851	158,050	1,058,095	4,256,140	2,446,695

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	16,768,844	16,768,844	16,828,478
Current assets	66,348	398,291	-	464,639	558,657
Creditors due within one year	-	(349,971)	(24,060)	(374,031)	(348,034)
Provisions for liabilities and charges	-	(1,637,000)	-	(1,637,000)	(1,092,000)
	<u>66,348</u>	<u>(1,588,680)</u>	<u>16,744,784</u>	<u>15,222,452</u>	<u>15,947,102</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(186,650)	15,758,102
Adjustment for:		
Depreciation charges	180,004	92,734
Dividends, interest and rents from investments	(531)	(198)
Increase in debtors	(96,425)	(145,170)
Increase in creditors	25,997	348,034
Capital grants from DfE and other capital income	(12,208)	(11,884)
Administrative costs per actuarial report	3,000	-
Defined benefit pension scheme cost less contributions payable	(38,000)	(13,000)
Defined benefit pension scheme finance cost	42,000	25,000
Net (loss) on assets and liabilities from local authority on conversion	-	(128,660)
Assets transferred on conversion to an academy trust	-	(16,908,840)
Pension deficit transferred on conversion	-	1,269,000
Net cash (used in)/provided by operating activities	<u>(82,813)</u>	<u>285,118</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	223,045	413,488
Total	<u>223,045</u>	<u>413,488</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS

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

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

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

The employer's pension costs paid to TPS in the period amounted to £163,798 (2015 - £74,779).

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20. PENSION COMMITMENTS (continued)

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

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

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 2016 was £153,000 (2015 - £110,000), of which employer's contributions totalled £125,000 (2015 - £90,000) and employees' contributions totalled £28,000 (2015 - £20,000). The agreed contribution rates for future years are 19.6% for employers and 5.5-7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.80 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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

	2016	2015
Retiring today		
Males	23.2	23.1
Females	25.6	25.5
Retiring in 20 years		
Males	25.5	25.4
Females	28.0	27.9

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	135,000	66,000
Government bonds	-	-
Other bonds	31,000	14,000
Property	14,000	6,000
Cash/liquidity	4,000	4,000
Other	23,000	10,000
	<u>207,000</u>	<u>100,000</u>
Total market value of assets	<u>207,000</u>	<u>100,000</u>

The actual return on scheme assets was £13,000 (2015 - £(4,000)).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(87,000)	(77,000)
Net interest cost	(42,000)	(25,000)
Administrative expenses	(3,000)	-
	<u>(132,000)</u>	<u>(102,000)</u>
Total	<u>(132,000)</u>	<u>(102,000)</u>
Actual return on scheme assets	<u>13,000</u>	<u>(4,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,192,000	1,269,000
Current service cost	87,000	77,000
Interest cost	48,000	24,000
Contributions by employees	28,000	20,000
Actuarial losses/(gains)	545,000	(192,000)
Benefits paid	(56,000)	(6,000)
	<u>1,844,000</u>	<u>1,192,000</u>
Closing defined benefit obligation	<u>1,844,000</u>	<u>1,192,000</u>

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20. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	100,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	6,000	(1,000)
Actuarial gains and (losses)	7,000	(3,000)
Contributions by employer	125,000	90,000
Contributions by employees	28,000	20,000
Benefits paid	(56,000)	(6,000)
Administrative expenses	(3,000)	-
	<u>207,000</u>	<u>100,000</u>
Closing fair value of scheme assets	<u>207,000</u>	<u>100,000</u>

21. RELATED PARTY TRANSACTIONS

During the period transactions with the following related parties occurred:

Waterloo Primary Academy	- An entity in which S Cardwell is also a member
AC & L Creative	- An entity in which is owned and run by L Allister and her husband
Strawberry Harlequin	- An entity owned by C Cole

Transactions with related parties:

	2016 £	2015 £
Purchases of services from Waterloo Primary Academy	5,760	7,045
Purchases of services from AC&L Creative	-	4,695
Purchases of services from Strawberry Harlequin	16,400	-
	<u>22,160</u>	<u>11,740</u>

In entering into the transactions above the trust have complied with the requirements of EFA's Academies Financial Handbook, in that all transactions were at or below cost.

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22. MEMBERS' LIABILITY

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

23. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 5 November 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.