

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

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LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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LINCOLNSHIRE WOLDS COMMUNITY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2016**

Members

Ms J Barton (appointed 22 July 2015)
Mr D Rhodes (appointed 17 July 2015)
Mr R Richmond (appointed 22 July 2015)
Mr R Lepley (appointed 17 July 2015, resigned 22 July 2015)
Mr N Kay (appointed 17 July 2015, resigned 22 July 2015)

Directors

Mr D Rhodes, Chair of Directors (appointed 17 July 2015)¹
Mr R Lepley, Vice Chair of Directors (appointed 17 July 2015)¹
Mrs R Pavitt (appointed 17 July 2015)
Mrs J Hargrave (appointed 17 July 2015)
Mrs L Mason, Executive Head Teacher and Accounting Officer (appointed 17 July 2015)

¹ Finance & Audit Committee

Company registered number

09691946

Company name

Lincolnshire Wolds Community Trust

Principal and registered office

St Bernard's School, Wood Lane, Louth, Lincolnshire, LN11 8RS

Company secretary

Mrs K Jacklin

Chief executive officer

Mrs L Mason

Senior management team

Mrs L Mason, Executive Head teacher
Mrs K Jacklin, Business Manager
Mrs A Stebbings, Head of St Bernard's School
Mrs M Hockham, Head of St Lawrence School
Mrs K Smith, HR & Facilities Lead

Independent auditors

Whitley Stimpson Limited, Penrose House, 67 Hightown Road, Banbury, OX169BE

Bankers

Lloyds Bank Plc, 24 Mercer Row, Louth, Lincolnshire, LN11 9JH

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016**

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 17 July 2015 to 31 August 2016. The Annual report serves the purposes of both a Directors' report, and a Directors' report, including a Strategic Report, under company law.

The Trust currently operates two academies serving a catchment area of Louth and Horncastle, Lincolnshire:

- St Bernard's for pupils aged 2 – 19, pupils on roll 61 based on the October 2016 census.
- St Lawrence for pupils aged 5-16, pupils on roll 157 based on the October 2016 census.

Structure, Governance and Management

CONSTITUTION

The Trust, which was incorporated on 17 July 2015 and opened as an Academy Trust on 1 September 2015, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is also known as the Lincolnshire Wolds Community Trust.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

MEMBERS' LIABILITY

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

The Trust shall have the following Directors, as set out in its Articles of Association and Funding Agreement:

- up to 1 Director who is appointed by the Members;
- Chief Executive Officer; and
- A minimum of 2 Parent Directors who are elected by the parents of registered pupils at the Academy Trust; unless there is representation of 2 parents on the Local Governing Body.
- Staff Directors appointed by the Members (provided that the total number of Directors, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Directors);
- the Executive Headteacher who is treated for all purposes as being an ex-officio Director.

Directors are appointed for a 4 year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Director, any Director can be re-appointed or re-elected.

When appointing new Directors, the Board of Directors will give consideration to the skills and experience mix of existing Directors in order to ensure the Board of Directors has the necessary skills to contribute fully to the Academy Trust's ongoing development.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

The training and induction provided for new Directors will depend upon their existing experience but will always include a tour of the Schools and a chance to meet staff and pupils. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Directors. As there are normally only minimal new Director appointments each year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

A Director's training day is organised each year which includes training sessions to keep the Directors updated on relevant developments impacting on their roles and responsibilities.

New Directors also have the opportunity to undertake National Governor Association training and all Directors receive regular National Governor Association updates.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Directors consider and the senior management team to comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy on a day to day basis. The pay of the senior management team is reviewed annually by the Finance and Audit Committee and finally approved by the Board of Directors in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

The performance review of the Executive Head teacher is undertaken by 3 Directors annually, with an external facilitator. The Executive Head performance management committee will be able to consult with the external professional on matters relating to the Executive Headteacher's performance should it wish to do so.

Annual pay progression within the range, as identified in line with STPCD for this post is not automatic. The committee review significant improvements to the academies which may be reflected in, for example:

1. improved academic achievements of pupils
2. increased status within the Local Authority evidenced through feedback from officers and inspectors
3. feedback from the head teacher's performance management
4. a positive Ofsted report
5. positive feedback from parents and other stakeholders

The Executive Headteacher's pay grade can be changed by the Trust Board at any time in order to attract or retain an executive Headteacher or when there have been significant changes in the responsibilities of the role.

Heads of School performance reviews are undertaken by the Executive head and monitored against the objectives set and in line with the range agreed by directors against the group sizes of the respective schools.

The performance review of the CFO (Business manager) is undertaken by the Executive Head against targets set. Benchmarking is undertaken regularly with other local MATs, with all leadership roles.

All leadership pay recommendations are monitored and agreed by the Trust Board.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

ORGANISATIONAL STRUCTURE

The Directors have responsibility for setting and monitoring the overall strategic direction of the Academies, approving decisions and appointing key members of staff.

The Trust Board of Directors normally meet six times each year, convened by the clerk. The Board of Directors establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Directors and other groups. Schemes of Delegation are in place devolving some powers and responsibilities to the local governing body of each academy. The Scheme of Delegation is renewed by the trust board annually.

The Executive head is the Accounting Officer and works closely with the other Directors, the Local Governing Bodies and the senior staff of each academy.

The Day to day management of the LWCT rests with the Executive Head who has overall responsibility for the trust. The Executive Head is responsible for establishing a Senior Leadership team, including any Head teachers, Heads of School and Assistant heads, or Teaching and learning Leaders. The appointment, discipline and dismissal will be referred to the full board.

The Executive Principal has delegated authority to appoint, discipline and dismiss with the exception of the Head Teacher, Heads of School and the Vice Principals for whom the full Board holds this authority. Financial authority is delegated in line with the Scheme of Delegation and the Finance Policy that is approved by the full Board on an annual basis. If financial or other business decisions are required between meetings then electronic authority may be sought from the members of the Board. These are monitored throughout the year, in line with an agreed timetable, by the Local Governing Bodies.

Details of the LWCT Scheme of Delegation can be found on the academy trust website.

The Trust Board receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Directors may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two Committees of the Board of Directors as follows:

- Finance and Audit Committee
- Standards Committee

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Directors:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and / or Vice Chair; and
- to appoint and / or consider the performance management of the Executive Headteacher.

The Directors are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

The Board of Directors delegates a number of functions to the Local Governing Bodies ('LGB') for each of the Trust's Academies. The LGB reviews annual Academy Trust plans, monitors progress against targets and OFSTED standards and oversees parent and community liaison. The Chair of the LGB also sits on the main Board of Directors. The LGB implements policies laid down by the Directors and reports back to them on performance.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Lincolnshire Wolds Community Trust works in close partnership with the Lincolnshire Learning partnership. Lea Mason is a member of the LEARN teaching school strategic board and the KYRA Implementation Committee. Lea Mason is also a strategic lead for the Working Together team, a county wide provision for outreach for Autism and SEND. Please note that the organisations above are not considered to be related parties.

The individual school fund accounts, which are separate registered charities in which Lea Mason and David Rhodes are Directors, has historically made donations and contributions to support particular projects and facilities of the Schools and their pupils. The balances of the school fund accounts of the registered charities have been brought into the accounts statement as funds inherited on conversion. Transactions of the individual school funds are now processed as part of the accounts package, PS Financials.

DIRECTORS' INDEMNITIES

The Directors benefit from indemnity insurance purchased by the Academy Trust to cover the liability of the Trustees arising from negligent acts, errors or commissions occurring whilst on Academy Trust business. The limit of this indemnity is £25,000,000 in any one claim.

Strategic Report

Objectives and Activities

OBJECTIVES AND AIMS

The principal objects of the Lincolnshire Wolds Community Trust (LWCT), as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum; and
- promote for the benefit of the inhabitants of East Lindsey and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The aims of the LWCT during the year ended 31 August 2016 are summarised below:

1. To ensure every student gains the same high quality education, resourcing, care and provide high quality teaching that challenges students and supports them for life long learning.
2. To provide an environment that supports and enables effective teaching and learning.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

3. To promote, raise and recognise high standards of achievement and progress across aspects of activity for all students.
4. To improve the effectiveness of the academies, by keeping the curriculum offer and organisational structure under continual review.
5. To provide value for money for the funds expended and conduct the Academies business in accordance with the highest standards of integrity, probity and openness.
6. To encourage an equality of opportunity for all.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The key priorities for the period are contained in the LWCT's Development Plan which is available from the Executive Headteacher.

The key activities of the LWCT for the period ended 31 August 2016 were focused as follows:

- To create a challenging trust that is fully self-supporting, that attracts good and understanding schools, with strong partnership links.
- To create a trust that has the developing capacity to support other schools, through school to school support, focused leadership, high quality professional development and strong partnership working within local groups and teaching school alliances.
- Maintain continued professional development for staff, along with performance management structures, to impact on developing even more outstanding teaching practice in order to ensure all students reach their potential.

PUBLIC BENEFIT

LWCT aims to advance for the public benefit education in East Lindsey and the surrounding area, offering a broad curriculum and an excellent education environment for its pupils. LWCT also allows use of its facilities as appropriate, for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Directors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

Achievements and Performance

REVIEW OF ACTIVITIES

LWCT is in its first period of operation since conversion to a Multi Academy Trust on 1st September 2015. The total number of pupils in the period ended 31 August 2016 was 205, but this has increased to 219 at the October 2016 census due to the continued demand for places at the Academy Trust.

LWCT is committed to continual improvement which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self evaluation, data analysis and action planning.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

The particular achievements and performance of LWCT during the period ended 31 August 2016 were as follows:

St Lawrence School

Whole school:

2013/2014	87.0%
2014/2015	94.5%
2015/2016	96.0%

On comparison we can see that over the last 3 years the number of students reaching and exceeding their targets, including those set with additional challenge has continued to increased.

Leavers results:

	Maths			English			ICT			Science E
	E1	E2	E3	E1	E2	E3	E1	E2	E3	
14/15	7	8	2	1	6	1	1	11	3	0
15 /16	2	5	4	0	1	4	4	3	4	2

	D of E Broze	OCR life & living skills award	City and Guilds skills for working life E2	E3
14/15	10	3	13	9
15 /16	20	12	17	6

Regardless of the changes in needs of the cohort accessing the school there has continued to be success in a variety of accreditation routes. This is also supported by all year 11 students successfully accessing work experience placements and 'taster sessions' within FE settings, throughout the year.

The tables below show the progress of students within St Lawrence over the last 3 years. These results are benchmarked against national programmes with other similar schools and student's needs.

All values represent the percentage of the total cohort who made excepted or above expected progress. The charts also show subject analysis and target groups.

Target Analysis:

	English	Maths
2013/2014	92%	87%
2014/2015	77%	76%
2015/2016	97%	95%

The data clearly shows that over the last 3 years the number of students making expected or better than expected progress is consistently good and now outstanding. A new group was introduced to the school part way through the year in 14/ 15 to support the local authority with students placements and meeting needs. This therefore impacted on the whole school picture at the end of the year, however they are now excelling against this years target.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

	Male	Female
2014/2015	93%	93%
2015/2016	97%	95%

The gender group analysis clearly shows that for the last 2 years there has been no significant disparity between the progress of the female or male students. There is a defined upward trend.

	KS1	KS2	KS3	KS4
2013/2014	95%	93%	89%	86%
2014/2015	72%	83%	95%	69%
2015/2016	89%	96%	95%	98%

The key stage analysis shows that all key stages have an upward trend with now outstanding progress across all key stage levels. Key stage one had an extremely high percentage in 13/14 as this was a smaller cohort. There has been an ongoing rise following as the cohort has increased to 21 in 14/15 and 33 in 15/16, with a further increase in January 2016, with a new group entering the school.

Local Authority Care

	LAC
2013/2014	85%
2014/2015	85%
2015/2016	93%

The data analysis shows an upward trend across the last 3 years in the number of LAC making expected or better than expected progress.

	Pupil Premium
2013/2014	94%
2014/2015	92%
2015/2016	95%

Over 92% of students accessing pupil premium funding are making expected or better than expected progress, with a rising trend across 3 years.

	EAL
2013/2014	100%
2014/2015	100%
2015/2016	100%

100% of students with English as an additional language have achieved better than expected progress across the last 3 years.

	UQ target
2013/2014	64%
2014/2015	80%
2015/2016	75%

Analysis of progress in line with the most stretching upper quartile targets (75th and 90th percentile) using national progression guidance, show that 75% of students made progress. This shows outstanding progress as nationally 25% of students with Education, Health and Care plans would be expected to meet these targets.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

St Bernard's School

Whole school:

2013/2014	81%
2014/2015	81%
2015/2016	93%

On comparison we can see that over the last 3 years the number of students reaching and exceeding their targets, including those set with additional challenge has continued to increased to over 90%.

OCR life & living skills award								
	Entry level introductory award E1	Entry Level E1	Entry level extended award E1	Entry level introductory award E2	Entry Level E 2	Entry level extended award E 2	Entry level introductory award E 3	Entry Level E 3
14/15 (3)	3	3	3	2	2	2	1	1
15/16 (5)	5	5	5	3	3	3	2	-

It has been another successful year of results at St Bernard's with every student leaving the organisation with at least one award and the majority leaving with 2 or more.

The tables below show the progress of students within St Bernards over the last 3 years. These results are benchmarked against national programmes with other similar schools and student's needs.

All values represent the percentage of the total cohort who made excepted or above expected progress. The charts also show subject analysis and target groups.

Target Analysis:

	English	Maths
2013/2014	85%	87%
2014/2015	70%	77%
2015/2016	93%	94%

The data clearly shows that over the last 3 years the number of students making expected or better than expected progress is consistently good and now outstanding. Two students within lower school (key stage 2) had significant times off school across this period in 14/15 due to health concerns and another 2 in upper school (key stage three, four). Another student in Key stage five was experiencing extreme challenges and health issues, requiring significant intervention from all services, which resulted in a regression of skills. This therefore impacted on the whole school picture at the end of the year.

	Male	Female
2013/2014	83%	78%
2014/2015	90%	80%
2015/2016	94%	89%

The gender group analysis clearly shows that for the last 3 years there has been no significant disparity between the progress of the female or male students. There is a defined upward trend, within cohorts of a larger majority of male students.

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DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

	KS1	KS2	KS3	KS4	KS5
2013/2014	62%	65%	64%	71%	79%
2014/2015	91.5%	71%	79%	65%	69%
2015/2016	100%	100%	80%	100%	90%

The key stage analysis shows that all key stages have an upward trend with now outstanding progress across all key stage levels. Two students within lower school (key stage 2) had significant times off school across this period in 14/15 due to health concerns and another 2 in upper school (key stage three, four). Another student in Key stage five was experiencing extreme challenges and health issues, requiring significant intervention from all services, which resulted in a regression of skills.

Local Authority Care

	LAC
2013/2014	94%
2014/2015	95%
2015/2016	100%

The data analysis shows an upward trend across the last 3 years in the number of LAC making expected or better than expected progress.

	Pupil Premium
2013/2014	81%
2014/2015	100%
2015/2016	98%

Over 98% of students accessing pupil premium funding are making expected or better than expected progress, with a rising trend across 3 years. The one student who is .2% from making better than expected progress is accessing intervention around writing and we are currently exploring additional augmentative systems to support.

	Educational Boarders
2013/2014	87%
2014/2015	84%
2015/2016	95%

There is an ongoing rising trend in progress for these students who access the educational provision as boarders, across term time. The interventions are based on supporting life skills, communication, social development and behaviour self regulation. The interventions are ongoing across all settings with a focus on transference of skills. This level of progress is outstanding.

	EAL
2013/2014	n/a
2014/2015	n/a
2015/2016	n/a

There have been no students with English as an additional language.

	UQ target
2013/2014	59%
2014/2015	72%

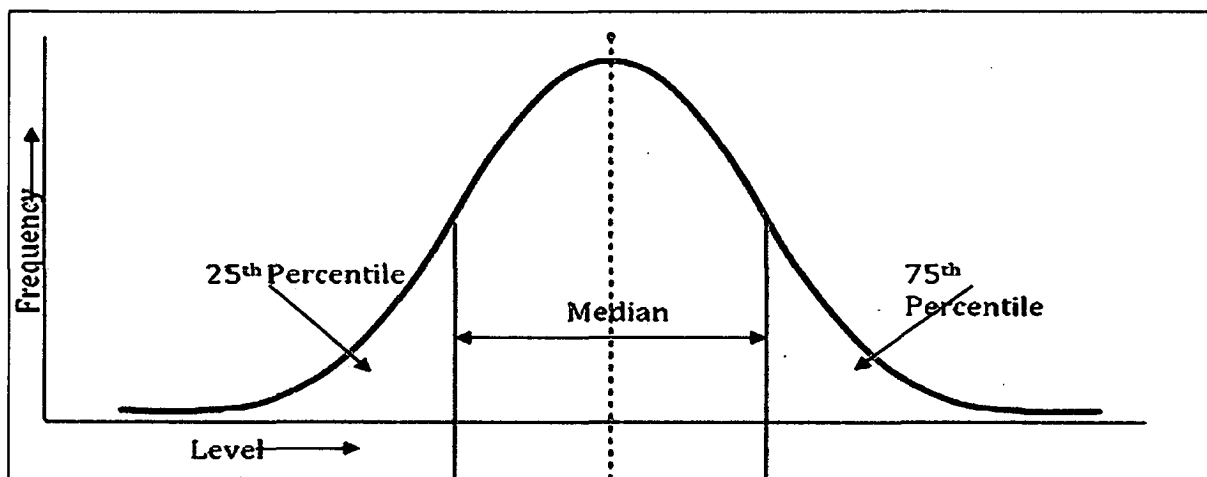
DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

2015/2016	84%
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Analysis of progress in line with the most stretching upper quartile targets (75th and 90th percentile) using national progression guidance, show that 75% of students made progress. This shows outstanding progress as nationally 25% of students with Education, Health and Care plans would be expected to meet these targets.

National Progression Guidance

National Progression Guidance focuses on the use of attainment and progress data where learners are working below expected levels. The data is collected from all schools nationally and used to predict stretching targets for pupils of a given age and level that is below that expected nationally. Below is an illustration of the kind of normal distribution that the data present and how the percentiles impact on our analysis.



The pupils contained within the 25 percentile represent the majority of pupils with Education Health and Care plans, which also represents 100% of our cohort. Therefore, the fact that for English and Maths even our lowest percentage of students achieving in line with upper quartile targets indicates that the targets are stretching and that pupil expectations are high.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

KEY PERFORMANCE INDICATORS

The Directors use the following key performance measures to assess the success of the activities of the trust:

OUTCOMES FOR PUPILS

- Pupils to achieve targets and to ensure all measures are above the national averages
- Students to be provided with a curriculum to maximise their progress towards qualification success, further study and employability
- Ensure internal assessment is robust and prepare for measuring achievement within "Life without Levels" era

TEACHING AND LEARNING AND ASSESSMENT

- Teaching challenges every pupil to make progress on prior learning, and achieve exceptional results over time
- Teaching is personalized and informed by the highest quality assessment and feedback
- Teaching engages and inspires, developing pupils curiosity, imagination and love of learning
- Teaching enhances skills, attributes and attitudes, preparing pupils to achieve great success in life
- Teaching involves a passion for innovation and professional improvement

PERSONAL DEVELOPMENT, BEHAVIOUR AND WELFARE

- All pupils to be responsible for their behaviour and learning in every lesson
- All groups of pupils feel safe across all the Academies within the Trust at all times
- Pupils are given opportunities to achieve in a wide range of activities

EFFECTIVENESS OF LEADERSHIP AND MANAGEMENT

- All pupils are valued and nurtured within their academy setting
- Individual academy priorities are determined by thorough and accurate self-evaluation
- All staff are valued and supported in their own career progression
- Improve the effectiveness of the Community Inclusive Trust Board and the Local Governing Body's and its Leadership to account

Although the Academy Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2016, the balance of the GAG Restricted Fund was £55,955.

Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 219 which is an increase of over 1% from the previous census.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to GAG and LA top-up funding for the period was 91.2%, while the percentage of staff costs to total costs was 82.8%. A large proportion of LWCT's funding comes directly from the Local Authority in the form of Special Educational Needs top-up funding in addition to the GAG funding it receives. This funding is allocated accordingly via banded funding which is in turn identified on the level of Special Educational Need.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Financial Review

FINANCIAL RESULTS

The majority of the Academy Trust's income is received from the Education Funding Agency ('EFA') and the Local Authority in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA and the Local Authority during the period ended 31 August 2016 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the EFA and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the period ended 31 August 2016, the total expenditure (excluding depreciation and LGPS FRS102 pension cost adjustment) of £3,911,764 was covered by the recurrent grant funding received from the EFA and other incoming resources (excluding the net assets transferred on conversion from the Local Authority). The excess of these incoming resources over expenditure for the period was £140,196.

Land, buildings, other assets and the Local Government Pension Scheme deficit from the predecessor schools were transferred to the Academy Trust from the Local Authority on conversion. The total value of these net assets transferred, as included in the Statement of Financial Activities, were £3,859,973. The details of the net assets transferred and the basis of their valuations are set out in Note 21 to the financial statements.

The net book value of fixed assets at 31 August 2016 is £5,914,781, which includes the value of land and buildings transferred from the Local Authority on conversion of £5,793,000 and depreciation charges for the period of £161,348. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Trust.

The balance of total funds held at 31 August 2016 were £2,533,821 which comprised of the following:

Restricted Funds (excluding Pension Liability)	£55,955
Restricted Pension Liability Fund	(£3,726,000)
Restricted Fixed Asset Fund	£5,929,335
Unrestricted Funds	£274,531

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £3,726,000 which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. The Academy is not currently required to make accelerated payments to meet this liability, but, were arrangements to change, the Academy would have difficulty in making such payments without significantly impacting its ability to continue to deliver its educational outcomes with the available public funding it receives.

The Directors have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Directors, Headteacher, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Charges and Lettings, Asset Management and Insurance.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

GOING CONCERN

After making appropriate enquiries, the board of directors 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.

RESERVES POLICY

The Directors will review the reserve levels of the Academy Trust annually. This review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors will also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Directors have determined that the appropriate level of free cash reserves should be approximately 1% of total incoming resources. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, long term staff absences etc.

The Academy Trust's current level of reserves at 31 August 2016 is £2,533,821, of which £274,531 is free reserves (that is, total funds less the amount held in restricted fixed assets and restricted funds). Although the current level of free reserves of £274,531 is above the target level identified above, this is due to cash surplus transferred from the Local Authority on conversion, which the Directors expect to utilise in future years as they invest in the Academy's facilities and educational resources.

INVESTMENTS POLICY

The Academy Trust operates an investment policy that seeks to minimise risk and maintain flexibility to access funds. Cash flow projections are undertaken by the Chief Financial Officer on a daily basis, who has the delegated authority to invest surpluses into a supplementary account.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances. They have introduced systems, including operational procedures internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan. Where significant financial risk still remains, the Directors have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

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

Financial

The Academy Trust has considerable reliance on continued Government funding through the EFA. In the period, approximately 97.4% of the Academy Trust's incoming resources (excluding amounts transferred on conversion from the Local Authority) was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.



DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Directors continue to review and ensure appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Directors ensure that pupil success and achievement are closely monitored and reviewed.

Safeguarding and child protection

The Directors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Directors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning

Fraud and mismanagement of funds

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed a member of the Academies team at Whitley Stimpson to perform a programme of additional internal reviews and checks. This is in addition to Whitley Stimpson, the external auditor, who perform additional checks and review the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

The Directors examine the financial health of the Academy Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Directors and Finance and Audit Committee meetings.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Directors recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Academy Trust. However, as the Directors consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Plans for Future Periods

FUTURE DEVELOPMENTS

The Academy Trust strives to continually improve levels of attainment for all pupils, equipping them with the skills and character to follow their chosen pathway, whether it be into further education, training or employment, as well as promoting the continued professional development of its staff.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

The Academy Trust's plans for future periods are:

- Having established itself as a multi academy trust, LWCT plans to:
- continue to ensure excellent provision at its current academies
- continue to share its expertise with local, regional and national fields.
- Develop staff training opportunities across the trust by attracting good and outstanding schools as well as supporting other struggling schools and academies in the East Midlands.
- Monitor building works and continue to work towards redrafting the educational provision for students across the academies.
- Continue to review and refine structures of leadership throughout trust, in order to continue to develop excellence.

FUNDS HELD AS CUSTODIAN

The Academy Trust and its Directors do not act as Custodian Trustees of any other charity.

The Academy does however hold Post 16 Bursary Funds on behalf of the Education Funding Agency, which are distributed to students as required and in line with the terms and conditions of the funds.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that Director is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director 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 directors as the company directors, on 9 December 2016 and signed on its behalf by:



Mr D Rhodes
Chair of Directors

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that Lincolnshire Wolds Community 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 directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lincolnshire Wolds Community Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The board of directors has formally met 12 times during the period. Attendance during the period at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Mr D Rhodes	12	12
Mr R Lepley	9	12
Mrs R Pavitt	12	12
Mrs J Hargrave	4	12
Mrs L Mason	12	12

LWCT has undertaken an internal review of governance during its first year through conducting a skills audit to establish appropriate skill levels across the board of Directors and at local governing body level.

The board of Directors has sufficient breadth of skills to provide positive impact and effectiveness. The Local governing body are undertaking a programme of work through the NCSL to support leadership development and enhancing knowledge around current priorities.

The FMGS has been undertaken within the required time scales and there are no outstanding actions and the Academy Trust is fully compliant.

The Finance and Audit Committee is a sub-committee of the Board of Trustees. Its purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to finance, resources, premises and Health & Safety of the Academy Trust. This committee also acts as the LWCT's Audit Committee. Its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value for money framework. It will report its findings annually to the Board of Trustees and the Accounting Officer as a critical element of the Trust's annual reporting requirements.

Attendance at meetings in the period was as follows:

Director	Meetings attended	Out of a possible
Mr R Lepley	3	3
Mr D Rhodes	3	3

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher 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 directors 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:

Best Value through the principals of:

- Challenge – do we require the service, can it be delivered differently?
- Compare – how does this compare to similar schools and schools nationally?
- Consult – gain views of stakeholders
- Compete – are the services of the appropriate quality? Are the services efficient and effective?

Improving Educational Results:

- To target resources in line with development planning.
- Implement initiatives and interventions to ensure the learning is individualised, purposeful and challenging.
- Initiatives to accelerate the progress of all students.
- Maintain impact of pupil premium, Looked after children and other vulnerable groups, including sports premium.

Financial Oversight:

- Ensure delegation of authority and segregation of duties to ensure robust financial procedures.
- Comprehensive budgeting and regular monitoring by the Board of Directors, which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes. Regular financial reports and monthly management accounts are produced and presented to the Executive Head and The Board.
- Decisions are challenged within the trust to ensure costs effectiveness.

Purchasing:

- Clearly defined purchasing guidelines, communicated for all members of the Trust.
- Exploration of alternative purchasing options both online and through suppliers to find best value.

Income Generation:

Income generation is maximised by –

- Lettings of the facilities to community use wherever possible.

Reviewing Controls and Managing risk:

- Clear identification and management of risks.
- Appropriate level of authorisation for all financial transactions at every required stage.
- Independent professional inspection through internal audit functions to develop internal controls.
- Health and Safety reviews and inspections are carried out annually with an external professional and recommendations forming an action plan that is implemented swiftly.
- The Academies have comprehensive insurance cover for all students, staff, advocates, governors, property, assets, in order to ensure the continuation of education provision in any unforeseen circumstances.

GOVERNANCE STATEMENT (continued)

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 the Academy Trust's 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 at LWCT for the period from 17 July 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. The systems of internal control have been reviewed periodically through the year at individual academies within LWCT by the Responsible Officer and were successful in showing robust measures of internal control.

CAPACITY TO HANDLE RISK

The board of directors 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 directors 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 period 17 July 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 directors.

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 directors;
- regular reviews by the Finance & 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 directors has considered the need for a specific internal audit function and has decided to appoint Whitley Stimpson, the external auditors, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the auditor reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The role of Whitley Stimpson includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current year included:

- review of and testing of income recognition and recording systems and procedures
- review of and testing of payroll systems and procedures
- review of and testing of procurement systems and procedures
- review of and testing of bank control procedures
- Review of management information preparation procedures, including information prepared for and presented to the Board of Trustees
- Asset management

GOVERNANCE STATEMENT (continued)

On an annual basis, Whitley Stimpson reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Whitley Stimpson has delivered the schedule of works as planned and there were no material control issues arising as a result of their work.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

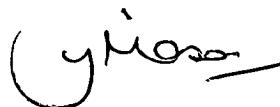
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 directors on 9 December 2016 and signed on their behalf, by:



Mr D Rhodes
Chair of Directors



Mrs L Mason, Executive Head Teacher
Accounting Officer

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lincolnshire Wolds Community 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 no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.


Mrs L Mason
Accounting Officer

Date: 9 December 2016

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2016

The Directors (who act as governors of Lincolnshire Wolds Community Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors 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 Directors 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 Directors 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 Directors 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 directors on 9 December 2016 and signed on its behalf by:



Mr D Rhodes
Chair of Directors

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLNSHIRE WOLDS COMMUNITY TRUST**

We have audited the financial statements of Lincolnshire Wolds Community Trust for the Period 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 DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' responsibilities, the Directors (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 Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 Period 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.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLNSHIRE WOLDS COMMUNITY TRUST**


OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial Period 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jonathan Mark Walton ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
OX169BE
15 December 2016

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO LINCOLNSHIRE WOLDS COMMUNITY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 October 2016 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 Lincolnshire Wolds Community Trust during the Period 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 Lincolnshire Wolds Community Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lincolnshire Wolds Community 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 Lincolnshire Wolds Community Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF LINCOLNSHIRE WOLDS COMMUNITY TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of Lincolnshire Wolds Community Trust's funding agreement with the Secretary of State for Education dated 3 July 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 Period 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.

The work undertaken to draw our conclusions included:

- A review of internal control policies and procedures implemented by the Academy Trust and an evaluation of their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- A review of the minutes of meetings of the Directors, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;

- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the Period 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.



Jonathan Mark Walton ACA FCCA (Reporting Accountant)

for and on behalf of

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
OX169BE

15 December 2016

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
INCOME FROM:					
Donations and capital grants	2	218,895	(2,406,202)	6,090,683	3,903,376
Charitable activities	3	10,501	3,932,157	-	3,942,658
Other trading activities	4	65,452	-	-	65,452
Investments	5	447	-	-	447
TOTAL INCOME		295,295	1,525,955	6,090,683	7,911,933
EXPENDITURE ON:					
Raising funds		20,764	-	-	20,764
Charitable activities		-	4,081,000	161,348	4,242,348
TOTAL EXPENDITURE	6	20,764	4,081,000	161,348	4,263,112
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
Actuarial losses on defined benefit pension schemes	22	-	(1,115,000)	-	(1,115,000)
NET MOVEMENT IN FUNDS		274,531	(3,670,045)	5,929,335	2,533,821
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		274,531	(3,670,045)	5,929,335	2,533,821

All of the academy's activities derive from acquisitions in the current financial Period.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09691946

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £
FIXED ASSETS			
Tangible assets	14		5,914,781
CURRENT ASSETS			
Debtors	15	89,477	
Cash at bank and in hand		395,217	
		<u>484,694</u>	
CREDITORS: amounts falling due within one year	16	<u>(139,654)</u>	
NET CURRENT ASSETS			<u>345,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,259,821</u>
Defined benefit pension scheme liability	22		<u>(3,726,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,533,821</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	17	55,955	
Restricted fixed asset funds	17	5,929,335	
		<u>5,985,290</u>	
Restricted income funds excluding pension liability			
Pension reserve		<u>(3,726,000)</u>	
Total restricted income funds			<u>2,259,290</u>
Unrestricted income funds	17		<u>274,531</u>
TOTAL FUNDS			<u><u>2,533,821</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 9 December 2016 and are signed on their behalf, by:



Mr D Rhodes
Chair of Directors

The notes on pages 30 to 48 form part of these financial statements.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	19	225,105
Cash flows from investing activities:		
Dividends, interest and rents from investments		477
Capital grants from DfE/EFA		14,554
Cash transferred on conversion		155,081
Net cash provided by investing activities		170,112
Change in cash and cash equivalents in the Period		395,217
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	20	395,217

All of the cash flows are derived from acquisitions in the current financial year.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 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.

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.

Lincolnshire Wolds Community Trust constitutes a public benefit entity as defined by FRS 102.

Going concern

The Directors 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 Directors 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.

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.

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 Directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by Education Funding Agency, Local Authority and other funders where the asset acquired or created is held for a specific purpose.

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

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

1. ACCOUNTING POLICIES (continued)

Income

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

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

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

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

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.

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.

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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 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 land	-	On a straight line basis over the period of the lease
Long-term leasehold property	-	2% per annum on a straight line basis
Fixtures and fittings	-	10% per annum on a straight line basis
Computer equipment	-	25% per annum on a straight line basis

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.

Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

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.

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.

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

1. ACCOUNTING POLICIES (continued)

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.

Financial instruments

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

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 22, 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

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

1. ACCOUNTING POLICIES (continued)

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Bernard's School and St Lawrence School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 21.

Agency arrangements

The academy trust acts as an agent in distributing the 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy does not have control over the charitable application of the funds.

The funds received and paid and balances held are disclosed in note 26.

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 22, 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.

Critical areas of judgement:

There are no key judgements that the Academy Trust has made which have a significant effect on the financial statements.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 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 £
Donations and capital grants	28,849	-	14,554	43,403
Net assets transferred on conversion	190,046	(2,406,202)	6,076,129	3,859,973
	<u>218,895</u>	<u>(2,406,202)</u>	<u>6,090,683</u>	<u>3,903,376</u>
Total donations and capital grants	<u>218,895</u>	<u>(2,406,202)</u>	<u>6,090,683</u>	<u>3,903,376</u>

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant (GAG)	-	2,789,057	2,789,057
Start up grants	-	50,000	50,000
Pupil premium	-	146,057	146,057
Other DfE Grants	-	86,245	86,245
	<u>-</u>	<u>3,071,359</u>	<u>3,071,359</u>
Other government grants			
Local Authority funding	-	860,798	860,798
	<u>-</u>	<u>860,798</u>	<u>860,798</u>
Other funding			
Trip income	10,501	-	10,501
	<u>10,501</u>	<u>-</u>	<u>10,501</u>
	<u>10,501</u>	<u>3,932,157</u>	<u>3,942,658</u>

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Lettings income	1,710	-	1,710
Catering income	20,764	-	20,764
Other income	42,978	-	42,978
	<u>65,452</u>	<u>-</u>	<u>65,452</u>

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Bank interest	447	-	447
	<u>447</u>	<u>-</u>	<u>447</u>

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Expenditure on raising voluntary income	-	-	20,764	20,764
Activities:				
Direct costs	1,294,488	-	102,030	1,396,518
Support costs	2,034,377	199,613	611,840	2,845,830
	<u>3,328,865</u>	<u>199,613</u>	<u>734,634</u>	<u>4,263,112</u>

In 2016, of the total expenditure, £20,764 was to unrestricted funds and £4,242,348 was to restricted funds.

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

7. DIRECT COSTS

	Restricted funds £	Total 2016 £
Technology costs	18,182	18,182
Educational supplies	83,848	83,848
Wages and salaries	1,032,781	1,032,781
National insurance	94,900	94,900
Pension cost	166,807	166,807
	<u>1,396,518</u>	<u>1,396,518</u>

8. SUPPORT COSTS

	Unrestricted funds £	Restricted funds £	Total 2016 £
LGPS FRS102 pension interest cost	-	93,000	93,000
Technology costs	-	17,412	17,412
Repairs and maintenance	-	71,591	71,591
Rent and rates	-	4,395	4,395
Other support costs	-	290,973	290,973
Legal and professional	-	70,339	70,339
Catering costs	20,764	41,014	61,778
Cleaning	-	61,185	61,185
Bank charges	-	196	196
Wages and salaries	-	1,573,822	1,573,822
National insurance	-	89,628	89,628
Pension cost	-	370,927	370,927
Depreciation	-	161,348	161,348
	<u>20,764</u>	<u>2,845,830</u>	<u>2,866,594</u>

Included within legal and professional costs are governance costs totalling £44,613. This comprised legal and professional fees of £11,589 and auditor's remuneration of £33,024.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £
Depreciation of tangible fixed assets:	
- owned by the charity	161,348
Auditors' remuneration - audit	8,000
Auditors' remuneration - other non-audit services	25,024
Operating lease rentals	<u>9,140</u>

LINCOLNSHIRE WOLDS COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

	2016 £
Wages and salaries	2,570,180
Social security costs	184,528
Operating costs of defined benefit pension schemes	537,734
	<u>3,292,442</u>
Supply teacher costs	36,423
	<u><u>3,328,865</u></u>

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

	2016 No.
Teachers	27
Admin and support	126
Management	1
	<u>154</u>

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

	2016 No.
In the band £100,001 - £105,000	1

The above staff member participated in the Teachers' Pension Scheme and the value of employers contributions to the scheme during the period were £19,759.

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. Their total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £274,350.

11. CENTRAL SERVICES

No central services were provided by the academy to its academies during the period and no central charges arose.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

12. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors 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 Directors. The value of Directors' remuneration and other benefits was as follows:

		2016 £
Mrs L Mason	Remuneration	105,000-110,000
	Pension contributions paid	15,000-20,000

During the Period, no Directors received any reimbursement of expenses.

13. DIRECTORS' 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 £25,000,000 on any one claim and the cost for the period ended 31 August 2016 was included within the total cost of insurance.

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	-	-	-	-
Assets transferred on conversion	5,793,000	201,342	81,787	6,076,129
At 31 August 2016	5,793,000	201,342	81,787	6,076,129
Depreciation				
At 1 September 2015	-	-	-	-
Charge for the Period	110,700	30,201	20,447	161,348
At 31 August 2016	110,700	30,201	20,447	161,348
Net book value				
At 31 August 2016	5,682,300	171,141	61,340	5,914,781

The long term leasehold property comprises the land and buildings of the individual academies within the academy trust which were transferred to the trust on conversion from Lincolnshire County Council. The trust occupies the land and buildings under a 125 year lease arrangement with Lincolnshire County Council. They have been included in the financial statements based on the valuation undertaken by the Education Funding Agency, which is based on the depreciated replacement cost of the land and buildings.

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

15. DEBTORS

	2016 £
Trade debtors	3,348
Other debtors	43,576
Prepayments and accrued income	24,283
VAT recoverable	18,270
	<u>89,477</u>

16. CREDITORS: Amounts falling due within one year

	2016 £
Trade creditors	77,906
Other taxation and social security	51,529
Other creditors	8,434
Accruals and deferred income	1,785
	<u>139,654</u>
	£
Deferred income	
Deferred income at 1 September 2015	-
Resources deferred during the year	<u>1,785</u>

Deferred income includes £1,785 received for universal infant free school meals funding received in advance. This funding will be fully utilised in the year ended 31 August 2017.

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

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	-	295,295	(20,764)	-	-	274,531
Restricted funds						
General Annual Grant (GAG)	-	2,789,057	(2,747,900)	14,798	-	55,955
Start up grant	-	50,000	(50,000)	-	-	-
Pupil premium	-	146,057	(146,057)	-	-	-
Other DfE grants	-	86,245	(86,245)	-	-	-
LA funding	-	860,798	(860,798)	-	-	-
Other income	-	14,798	-	(14,798)	-	-
Pension reserve	-	(2,421,000)	(190,000)	-	(1,115,000)	(3,726,000)
	-	1,525,955	(4,081,000)	-	(1,115,000)	(3,670,045)
Restricted Fixed Asset fund						
Transferred on conversion	-	6,076,129	(161,348)	-	-	5,914,781
DfE/EFA capital grants	-	14,554	-	-	-	14,554
	-	6,090,683	(161,348)	-	-	5,929,335
Total restricted funds	-	7,616,638	(4,242,348)	-	(1,115,000)	2,259,290
Total of funds	-	7,911,933	(4,263,112)	-	(1,115,000)	2,533,821

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

The General Annual Grant funding must be used for the normal running costs of the Academy Trust in line with its Funding Agreement.

Start up grants are used to cover the expenditure associated with conversion to Academy Trust during this period.

Other EFA/DfE grants, pupil premium, LA funding and other restricted income are all used in accordance with the restrictions of the individual grants or funding which are all for the provision of education to pupils of the Academy Trust.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds comprise the value of the fixed assets transferred to the Academy Trust on conversion less accumulated depreciation together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grants were paid.

The pension reserve represents the Local Government Pension Scheme deficit.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £
St Bernard's School	216,921
St Lawrence School	113,565
	<hr/>
Total before fixed asset fund and pension reserve	330,486
Restricted fixed asset fund	5,929,335
Pension reserve	(3,726,000)
	<hr/>
Total	2,533,821
	<hr/> <hr/>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
St Bernard's School	521,022	1,031,575	34,762	277,520	1,864,879
St Lawrence School	744,107	941,544	49,086	310,874	2,045,611
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,265,129	1,973,119	83,848	588,394	3,910,490
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

LINCOLNSHIRE WOLDS COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	5,914,781	5,914,781
Current assets	274,531	195,608	14,554	484,693
Creditors due within one year	-	(139,653)	-	(139,653)
Provisions for liabilities and charges	-	(3,726,000)	-	(3,726,000)
	<u>274,531</u>	<u>(3,670,045)</u>	<u>5,929,335</u>	<u>2,533,821</u>

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

	2016 £
Net income for the year (as per Statement of financial activities)	3,648,821
Adjustment for:	
Depreciation charges	161,348
Fixed Assets transferred on conversion	(6,076,129)
Dividends, interest and rents from investments	(477)
Cash transferred on conversion	(155,081)
Increase in debtors	(89,477)
Increase in creditors	139,654
Capital grants from DfE and other capital income	(14,554)
Defined benefit pension scheme service costs	97,000
Defined benefit pension scheme finance cost	93,000
Pension liability inherited on conversion	2,421,000
Net cash provided by operating activities	<u>225,105</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £
Cash in hand	395,217
Total	<u>395,217</u>

LINCOLNSHIRE WOLDS COMMUNITY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

21. CONVERSION TO AN ACADEMY TRUST

On 1 September 2015 St Bernard's School and St Lawrence School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Lincolnshire Wolds Community Trust from Lincolnshire County Council for £NIL consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	5,793,000	5,793,000
- Other tangible fixed assets	-	-	283,129	283,129
Other assets	190,046	47,021	-	237,067
LGPS pension deficit	-	(2,421,000)	-	(2,421,000)
Other liabilities	-	(32,223)	-	(32,223)
Net assets	<u>190,046</u>	<u>(2,406,202)</u>	<u>6,076,129</u>	<u>3,859,973</u>

The above net assets include £155,081 that were transferred as cash.

On conversion, Lincolnshire County Council granted a 125 year lease to the Academy Trust in relation to land and buildings occupied by the Academy.

22. PENSION COMMITMENTS

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

As described in note 21 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

22. PENSION COMMITMENTS (continued)

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

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 £166,807.

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

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

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

22. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Period ended 31 August 2016 was £350,000, of which employer's contributions totalled £273,000 and employees' contributions totalled £77,000. The agreed contribution rates for future years are 26.0%, plus additional lump sum payments totalling £85,000 per annum, for employers and 5.5% to 12.5% 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
Discount rate for scheme liabilities	2.10 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %

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

	2016
Retiring today	
Males	22.2
Females	24.4
Retiring in 20 years	
Males	24.5
Females	26.8

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

	Fair value at 31 August 2016 £
Equities	744,590
Bonds	125,710
Property	96,700
Total market value of assets	967,000

The actual return on scheme assets was £192,433.

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

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

	2016 £
Current service cost (net of employee contributions)	(370,000)
Net interest cost	(93,000)
Total	<u>(463,000)</u>

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

	2016 £
Upon conversion	2,907,000
Current service cost	370,000
Interest cost	118,000
Contributions by employees	77,000
Actuarial losses	1,221,000
Closing defined benefit obligation	<u>4,693,000</u>

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

	2016 £
Upon conversion	486,000
Interest income	25,000
Actuarial gains and (losses)	106,000
Contributions by employer	273,000
Contributions by employees	77,000
Closing fair value of scheme assets	<u>967,000</u>

23. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £
Amounts payable:	
Within 1 year	<u>9,140</u>

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

24. 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.

25. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain Directors' remuneration and expenses already disclosed in note 12.

26. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the period ended 31 August 2016 the Trust received £3,795 and disbursed £3,487 from the fund. An amount of £308 is carried forward at 31 August 2016.