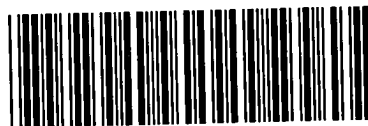


LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2018

THURSDAY



A15

A86L9YPK
30/05/2019
COMPANIES HOUSE

#168

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

CONTENTS

| | Page |
|---|----------------|
| Reference and administrative details | 1 |
| Directors' report | 2 - 15 |
| Governance statement | 16 - 19 |
| Statement on regularity, propriety and compliance | 20 |
| Statement of Directors' responsibilities | 21 |
| Independent auditors' report on the financial statements | 22 - 24 |
| Independent reporting accountant's assurance report on regularity | 25 - 26 |
| Statement of financial activities incorporating income and expenditure account | 27 |
| Balance sheet | 28 |
| Statement of cash flows | 29 |
| Notes to the financial statements | 30 - 49 |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2018

Members

Ms J Barton
Mr D Rhodes, Chair of Directors
Mr R Richmond

Directors

Mr D Rhodes, Chair of Directors¹
Mr R Lepley, Vice Chair of Directors (resigned 1 September 2018)¹
Mrs L Mason, CEO and Accounting Officer
Mrs R Pavitt, Chair of Local Governing Body
Mrs J Hargrave
Mrs L Thornes (appointed 8 May 2018)
Mr S Clark (appointed 13 November 2018)

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

Senior leadership team

Mrs L Mason, Chief Executive
Mrs A Stebbings, Head of School (St Bernard's) (until 31 August 2018)
Mrs M Hockham, Head of School (St Lawrence)
Mrs K Jacklin, Chief Financial Officer & Business Manager
Mrs K Smith, HR & Facilities Lead
Mrs T Stokes, Head of School (St Bernard's) (from 1 September 2018)

Independent auditors

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

Bankers

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

Solicitors

Langleys LLP, Olympic House, Doddington Road, Lincoln, Lincolnshire, LN6 3SE

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2018**

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

The Lincolnshire Wolds Community Trust ("LWCT") currently operates two academies serving a catchment area of Louth and Horncastle, Lincolnshire:

- St Bernard's for pupils aged 2 – 19, pupils on roll 74 based on the October 2018 census.
- St Lawrence for pupils aged 5-16, pupils on roll 162 based on the October 2018 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Details of the Directors who served during 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.

Directors' indemnities

The Directors benefit from indemnity insurance purchased by the Academy Trust to cover the liability of the Directors 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.

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 Chief Executive who is treated for all purposes as being an ex-officio Director.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Directors are appointed for a 4 year period, except that this time limit does not apply to the Chief Executive. 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.

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

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.

A bespoke governance development program is operated throughout the year focused around coaching and mentoring skills, which also allows Directors to meet informally as a team for training, so as to keep them updated on relevant developments impacting on their roles and responsibilities, and to contribute to the strategic leadership and direction of the Academy Trust.

Organisational structure

At 31 August 2018, Lincolnshire Wolds Community Trust comprised the following individual academies:

- St Lawrence School, Horncastle
- St Bernard's School, Louth

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

The Trust Board of Directors normally meet four 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 Chief Executive 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 Chief Executive who has overall responsibility for the Trust. The Chief Executive is responsible for establishing a Senior Leadership Team, including any Headteachers, Heads of School and Assistant Heads, or Teaching and Learning Leaders. The appointment, discipline and dismissal will be referred to the full Board of Directors.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

The Chief Executive has delegated authority to appoint, discipline and dismiss with the exception of the Head Teacher, Heads of School and the Assistant Headteachers 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 Chief Executive.

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 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.

Pay policy for key management personnel

The Directors consider the Board of Directors and the senior leadership team to comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy Trust on a day to day basis. All Directors give of their time freely and no Director received any remuneration in the current or prior year, other than those Directors' who are also employees of the Academy Trust. Details of Directors' remuneration and expenses are disclosed in note 12 of the financial statements respectively. The pay of the senior leadership 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 Chief Executive is undertaken by 3 Directors annually, with an external facilitator. The Chief Executive's 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

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

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

Heads of School performance reviews are undertaken by the Chief Executive 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 Chief Executive against targets set. Benchmarking is undertaken regularly with other local Academy Trust's, with all leadership roles.

All leadership pay recommendations are monitored and agreed by the trust board.

Trade union facility time

Relevant union officials

| | |
|---|---|
| Number of employees who were relevant union officials during the Period | - |
| Full-time equivalent employee number | - |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | - |
| 1%-50% | - |
| 51%-99% | - |
| 100% | - |

| Percentage of pay bill spent on facility time | £ |
|---|-----------|
| Total cost of facility time | - |
| Total pay bill | 3,028,970 |
| Percentage of total pay bill spent on facility time | - % |

Paid trade union activities

| | | |
|---|---|---|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - | % |
|---|---|---|

Connected organisations, including related party relationships

The Lincolnshire Wolds Community Trust works in close partnership with the Lincolnshire Learning partnership and the Lincolnshire Teaching Schools Together network. L Mason, the Chief Executive, is a member of the LEARN Teaching School Strategic Board and the KYRA Implementation Committee. L Mason is also a strategic lead for the Working Together team, a county wide provision for outreach for Autism and SEND.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

The organisations above are however not considered to be related parties.

The individual School Fund bank accounts, which are operated by separate registered charities in which L Mason and D Rhodes are Trustees, have historically made donations and contributions to support particular projects and facilities of the Schools and their pupils. The balances of the School Fund bank accounts of the registered charities were originally brought into the accounts of the Academy Trust as funds inherited on conversion, and the transactions of the individual accounts are now consolidated processed as part of the accounts of the Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects 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 2018 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.
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 Chief Executive.

The key activities of the LWCT for the period ended 31 August 2018 were focused as follows:

- To create a challenging Trust that is fully self-supporting, that attracts good and outstanding schools, with strong partnership links.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

- 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, as Trustees, 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.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy Trust continues to evolve and to adapt to the ever changing educational environment. The Trust is in its third year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2018 was 230, but this has increased to 236 at the October 2018 census due to the continued demand for places at the Academy Trust.

In the 2017/2018 year LWCT has maintained its proven track record of ensuring high standards and excellent outcomes for its students. Significant successes this year include 3 good OfSTED reports, alongside the schools within Lincolnshire Wolds Federation being designated as a Teaching School to supplement the already established National Support School designation. LWCT's Teaching School, Inspire, now sits as part of Lincolnshire Teaching Schools Together in securing funding for school to school support. We are extremely proud of our school to school support successes, with high challenge and high support, whilst also developing sufficient capacity around school leadership at all levels.

Inspire, although newly designated in May 2018, has a National Leader of Education, a National Leader of Governance, 3 Specialist Leaders of Education and a variety of consultants, who in conjunction with additional system leaders are working actively through a system led structure and effective collaboration, on projects in other schools.

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. Across the year LWCT has continued to work collaboratively in leading and addressing potential outcomes from the Rochford review, across Lincolnshire.

Whilst decisions are made and new forms of summative and formative assessment are embedded, following Rochford recommendations, target setting has remained in line with the ethos around progression guidance across this year.

The particular achievements and performance of LWCT during the period ended 31 August 2018 were as follows:

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Effectiveness of Leadership and Management:

Thorough and effective self-evaluation ensures the schools continue to move forwards a strong ethos based within a coaching culture has successfully continues to support staff wellbeing staff development has maintained a strong focus enabling leadership capacity and growth across the schools

Teaching, Learning and Assessment:

High expectations ensure students are challenged and make excellent progress over time all teaching is personalised, purposeful to each individual, informed by effective assessment practices and a strength in planning the curriculum offer is strong, inspiring and progressive, to ensure personalisation is key to ensuring students are supported to overcome barriers, with a breadth of opportunities, focused on independence, self-esteem and aims, aspirations of adult hood.

Personal Development, Behaviour and Welfare:

Student wellbeing programmes of support are well established ensuring all students are nurtured, valued and well supported practices across the schools ensure students are well supported in personal growth towards adulthood positive behaviour management remains a strength across the trust in enabling students to build the skills in order to self-regulate . Behaviour for learning is central across the provision

Due to the diversity of the students across LWCT, achievements are measured through a variety of activities. This includes a peer review process, reviewing the quality of teaching, learning and assessment, personal development, outcomes, performance reviews, NEET data, learning walks, outcomes for students, effectiveness of leadership and OfSTED reports. External moderation of the schools has firmly matched the trusts evaluation of the schools, working alongside other school leaders.

St Lawrence School

Whole school, year on year progress:

| | |
|-------------|-----|
| 2015/2016 | 96% |
| 2016 / 2017 | 91% |
| 2017 / 2018 | 98% |

The number of students reaching and exceeding their targets, including those set with additional challenge has continued to remain above 90%.

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 expected or above expected progress. The charts also show subject analysis and target groups.

Target Analysis:

| | English | Maths |
|-------------|---------|-------|
| 2015/2016 | 97% | 95% |
| 2016 / 2017 | 95% | 89% |
| 2017 / 2018 | 99% | 97% |

| | KS1 | KS2 | KS3 | KS4 |
|-------------|-----|-----|-----|-----|
| 2015/2016 | 89% | 96% | 95% | 98% |
| 2016/2017 | 93% | 83% | 93% | 90% |
| 2017 / 2018 | 96% | 98% | 95% | 98% |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

All students in Key Stage 4 left with at the very least one form of accreditation based on entry level Maths, English, Science, alongside, Duke of Edinburgh, OCR Life and Living Skills, Skills for working Life.

| | Pupil Premium |
|-------------|---------------|
| 2015/2016 | 95% |
| 2016/2017 | 89% |
| 2017 / 2018 | 98% |

St Bernard's School

Whole school, year on year progress:

| | |
|-------------|-----|
| 2015/2016 | 96% |
| 2016 / 2017 | 91% |
| 2017 / 2018 | 99% |

The number of students reaching and exceeding their targets, including those set with additional challenge has continued to remain above 90%.

The tables below show the progress of students within St Bernard's 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 expected or above expected progress. The charts also show subject analysis and target groups.

Target Analysis:

| | English | Maths |
|-------------|---------|-------|
| 2015/2016 | 97% | 95% |
| 2016 / 2017 | 95% | 89% |
| 2017 / 2018 | 99% | 98% |

| | KS1 | KS2 | KS3 | KS4 |
|-------------|------|-----|-----|-----|
| 2015/2016 | 89% | 96% | 95% | 98% |
| 2016/2017 | 93% | 83% | 93% | 90% |
| 2017 / 2018 | 100% | 94% | 99% | 99% |

All students in Key Stage 4 / 5 left with at the very least one form of accreditation based on entry level Maths, English, Science, alongside, Duke of Edinburgh, OCR Life and Living Skills, Skills for working Life.

| | Pupil Premium |
|-------------|---------------|
| 2015/2016 | 95% |
| 2016/2017 | 89% |
| 2017 / 2018 | 99% |

Key performance indicators

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

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

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"

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 Lincolnshire Wolds Community Trust Board and the Local Governing Body's and its Leadership to account

Key financial performance indicators

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 2018, the balance of the GAG Restricted Fund was £407,130.

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 236 which is an 6.8% from the previous census in October 2017.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to GAG funding for the year was 99.7%, while the percentage of staff costs to total costs was 77.9%. 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. The percentage of total staff costs to total educational grant funding, which is represented by GAG funding, other grants from the DfE and Local Authority SENT top-up funding, for the year was 77.4%.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Going concern

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

Fundraising activities

The Trust has undertaken material fundraising activities during the year ended 31 August 2018

The Trust's approach to fundraising is to generate income for specific project areas. During the period ended 31 August 2018, the specialist project has been the development of outdoor provision across the Trust. Working in conjunction with local community fundraising opportunities and events held within schools, the proceeds have contributed towards the specified project e.g. St Lawrence School, Horncastle have been successful in obtaining funds through Tesco's Bag for Life and have used the funds to contribute towards the purchase of an outdoor gym. Schools within the Trust hold open events across the year to which member of the public are invited to attend, there is no pressure to donate and the trust do not use persistent fundraising approaches.

All fundraising activities are monitored appropriately within the trust accounts and operate within recognised standards.

FINANCIAL REVIEW

Financial review

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') and the Local Authority in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA and the Local Authority during the year ended 31 August 2018 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 ESFA 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 2018, the total expenditure (excluding depreciation and FRS102 pension cost and interest cost adjustments) of £4,076,353 was covered by the recurrent grant funding received from the ESFA and other incoming resources (excluding capital grants and funds inherited on conversion from the Local Authority) of £4,423,841. This gave rise to an operating surplus for the year of £347,488.

The net book value of fixed assets at 31 August 2018 is £5,765,056. 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 2018 were £3,647,790 which comprised of the following:

| | |
|--|--------------|
| Restricted Funds (excluding Pension Liability) | £408,734 |
| Restricted Pension Liability Fund | (£2,941,000) |
| Restricted Fixed Asset Fund | £5,772,929 |
| Unrestricted Funds | £407,127 |

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

The pension reserve fund has a deficit balance at 31 August 2018 of £2,941,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make accelerated pension contributions over a number of years in order to fund the deficit. These accelerated pension contributions will be funded from the Trust's annual recurring income, which may significantly impact 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.

Material 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 ESFA. 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.

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.

| |
|--|
| <p>LINCOLNSHIRE WOLDS COMMUNITY TRUST (A company limited by guarantee)</p> |
|--|

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

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.

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 2018 is £3,647,790, of which £815,861 is revenue reserves, which consists of unrestricted funds of £407,127 and restricted income funds of £408,734. Although the current level of free reserves of £452,662 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.

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

PLANS FOR FUTURE PERIODS

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.

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 and Skills Funding Agency, which are distributed to students as required and in line with the terms and conditions of the funds.

Employee involvement and employment of the disabled

The Academy Trust's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins, reports and meetings which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Academy Trust's performance.

During employment the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advanced employment opportunities are available to them to reach their full potential.

Applications for employment by disabled persons are always full considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled, every effort is made to ensure that their employment within the Academy Trust continues and that the appropriate training is arranged. It is the Academy Trust's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Disclosure of information to auditors

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have 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.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors on 19 December 2018 and signed on its behalf by:



Mr D Rhodes
Chair of Directors

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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 Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 5 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 | 5 | 5 |
| Mr R Lepley | 4 | 5 |
| Mrs L Mason | 4 | 5 |
| Mrs R Pavitt | 2 | 5 |
| Mrs J Hargrave | 5 | 5 |
| Mrs L Thornes | 2 | 2 |

LWCT continues to undertake an internal review of governance annually 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 have undertaken a programme of work through the NCTL to support leadership development and coach skills training through an external provider both of which have enhanced knowledge around current priorities.

The FMGS was reviewed in line with internal audit guidance around continued best practice. The Academy Trust continues to be fully compliant.

The Finance and Audit Committee is a sub-committee of the Board of Directors. Its purpose is to provide oversight, guidance and assistance to the Board of Directors 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 Directors and the Accounting Officer as a critical element of the Trust's annual reporting requirements.

Attendance at meetings of the Finance and Audit Committee during the year was as follows:

| Director | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| Mr R Lepley, (Chair) | 2 | 3 |
| Mr D Rhodes, | 3 | 3 |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust'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 Trust 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.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. The work provides LWCT with an in-depth report of any areas to address, actions required and timescales. The reports are discussed with the Accounting Officer, the Chief Financial Officer and the Finance committee and actions agreed with set timescales.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lincolnshire Wolds Community Trust for the Period 1 September 2017 to 31 August 2018 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 internal auditor 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 Trust 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 Trust's significant risks, that has been in place for the Period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular, it includes:

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

The Board of 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 Whitley Stimpson Limited, the external auditors, to perform additional checks.

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 asset management procedures and controls.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

On an annual basis, the external auditors report to the Board of Directors through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

Whitley Stimpson has delivered the schedule of works as planned.

Review of Effectiveness

As Accounting Officer, the Chief Executive 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 Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 19 December 2018 and signed on their behalf, by:



Mr D Rhodes
Chair of Directors



Mrs L Mason
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 Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Directors 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.

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 Directors and ESFA.


Mrs L Mason
Accounting Officer

Date: 19 December 2018

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2018

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 ESFA/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 19 December 2018 and signed on its behalf by:



Mr D Rhodes
Chair of Directors

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

Opinion

We have audited the financial statements of Lincolnshire Wolds Community Trust (the 'Academy Trust') for the Period ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



V A Buzzard (Senior statutory auditor)

for and on behalf of

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
OXON
OX169BE

20 December 2018

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
LINCOLNSHIRE WOLDS COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 28 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincolnshire Wolds Community Trust during the Period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lincolnshire Wolds Community Trust and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lincolnshire Wolds Community Trust and the ESFA, 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 accountant

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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the Period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust'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 Local Governing Bodies and other evidence made available to us, relevant to our consideration of regularity;

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
LINCOLNSHIRE WOLDS COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**
(continued)

- 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Whitley Stimpson

Reporting Accountant

Whitley Stimpson Limited

Penrose House
67 Hightown Road
Banbury
OXON
OX169BE

20 December 2018

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 44,922 | - | 32,100 | 77,022 | 199,494 |
| Charitable activities | 3 | 12,534 | 4,125,847 | - | 4,138,381 | 4,026,776 |
| Other trading activities | 4 | 122,672 | - | - | 122,672 | 31,558 |
| Investments | 5 | 422 | - | - | 422 | 427 |
| TOTAL INCOME | | 180,550 | 4,125,847 | 32,100 | 4,338,497 | 4,258,255 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 95,840 | 4,131,613 | 191,873 | 4,419,326 | 4,436,457 |
| TOTAL EXPENDITURE | 6 | 95,840 | 4,131,613 | 191,873 | 4,419,326 | 4,436,457 |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 84,710 | (5,766) | (159,773) | (80,829) | (178,202) |
| Actuarial gains on defined benefit pension schemes | 21 | - | 659,000 | - | 659,000 | 714,000 |
| NET MOVEMENT IN FUNDS | | 84,710 | 653,234 | (159,773) | 578,171 | 535,798 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 322,417 | (3,185,500) | 5,932,702 | 3,069,619 | 2,533,821 |
| TOTAL FUNDS CARRIED FORWARD | | 407,127 | (2,532,266) | 5,772,929 | 3,647,790 | 3,069,619 |

The notes on pages 30 to 49 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|----------------|------------------|----------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | | 5,765,056 | | 5,824,326 |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 81,497 | | 175,016 | |
| Cash at bank and in hand | | 879,291 | | 605,323 | |
| | | <u>960,788</u> | | <u>780,339</u> | |
| CREDITORS: amounts falling due within one year | 15 | (137,054) | | (231,046) | |
| NET CURRENT ASSETS | | | <u>823,734</u> | | <u>549,293</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>6,588,790</u> | | <u>6,373,619</u> |
| Defined benefit pension scheme liability | 21 | | (2,941,000) | | (3,304,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>3,647,790</u> | | <u>3,069,619</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted fixed asset funds: | | | | | |
| Restricted income funds | 16 | 408,734 | | 118,500 | |
| Restricted fixed asset funds | 16 | 5,772,929 | | 5,932,702 | |
| Restricted income funds excluding pension liability | | 6,181,663 | | 6,051,202 | |
| Pension reserve | | (2,941,000) | | (3,304,000) | |
| Total restricted fixed asset funds | | | <u>3,240,663</u> | | <u>2,747,202</u> |
| Unrestricted income funds | 16 | | 407,127 | | 322,417 |
| TOTAL FUNDS | | | <u>3,647,790</u> | | <u>3,069,619</u> |

The financial statements on pages 27 to 49 were approved by the Directors, and authorised for issue, on 19 December 2018 and are signed on their behalf, by:



Mr D Rhodes
Chair of Directors

The notes on pages 30 to 49 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 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 18 | <u>374,049</u> | <u>115,857</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 422 | 427 |
| Purchase of tangible fixed assets | | (132,603) | (70,893) |
| Capital grants from DfE Group | | 32,100 | 164,715 |
| Net cash (used in)/provided by investing activities | | <u>(100,081)</u> | <u>94,249</u> |
| Change in cash and cash equivalents in the Period | | 273,968 | 210,106 |
| Cash and cash equivalents brought forward | | <u>605,323</u> | <u>395,217</u> |
| Cash and cash equivalents carried forward | 19 | <u><u>879,291</u></u> | <u><u>605,323</u></u> |

The notes on pages 30 to 49 form part of these financial statements.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 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 Trust 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

1.3 TAXATION

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

1.4 FUND ACCOUNTING

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

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

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

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 INCOME

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

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

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

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

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

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

1.6 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

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

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

| | | |
|--------------------------|---|---|
| Long-term leasehold land | - | On a straight line basis over the period of the lease |
| 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 |

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

1.8 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.

1.9 DEBTORS

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

1.10 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.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 LIABILITIES AND PROVISIONS

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

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

The Academy Trust 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There are no key judgments that the academy 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 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations and capital grants | 17,466 | - | 32,100 | 49,566 | 172,810 |
| Donations from Local Authority | 27,456 | - | - | 27,456 | 26,684 |
| | <u>44,922</u> | <u>-</u> | <u>32,100</u> | <u>77,022</u> | <u>199,494</u> |
| <i>Total 2017</i> | <u>34,779</u> | <u>-</u> | <u>164,715</u> | <u>199,494</u> | |

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 3,186,022 | 3,186,022 | 2,933,983 |
| Pupil premium | - | 174,009 | 174,009 | 164,817 |
| Other DfE Grants | - | 89,754 | 89,754 | 94,755 |
| | <u>-</u> | <u>3,449,785</u> | <u>3,449,785</u> | <u>3,193,555</u> |
| Other government grants | | | | |
| Local Authority funding | - | 657,165 | 657,165 | 789,006 |
| | <u>-</u> | <u>657,165</u> | <u>657,165</u> | <u>789,006</u> |
| Other funding | | | | |
| Other income | 12,534 | 18,897 | 31,431 | 44,215 |
| | <u>12,534</u> | <u>18,897</u> | <u>31,431</u> | <u>44,215</u> |
| | <u>12,534</u> | <u>4,125,847</u> | <u>4,138,381</u> | <u>4,026,776</u> |
| <i>Total 2017</i> | <u>12,819</u> | <u>4,013,957</u> | <u>4,026,776</u> | |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings income | 2,640 | - | 2,640 | 2,160 |
| Catering income | 17,405 | - | 17,405 | 17,439 |
| Other income | 102,627 | - | 102,627 | 11,959 |
| | <u>122,672</u> | <u>-</u> | <u>122,672</u> | <u>31,558</u> |
| <i>Total 2017</i> | <u>31,558</u> | <u>-</u> | <u>31,558</u> | |

5. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 422 | - | 422 | 427 |
| | <u>422</u> | <u>-</u> | <u>422</u> | |
| <i>Total 2017</i> | <u>427</u> | <u>-</u> | <u>427</u> | |

6. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|-------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Activities: | | | | | |
| Direct costs | 1,243,929 | - | 106,350 | 1,350,279 | 1,517,544 |
| Support costs | 2,229,799 | 188,036 | 651,212 | 3,069,047 | 2,918,913 |
| | <u>3,473,728</u> | <u>188,036</u> | <u>757,562</u> | <u>4,419,326</u> | <u>4,436,457</u> |
| <i>Total 2017</i> | <u>3,531,545</u> | <u>187,354</u> | <u>752,115</u> | <u>4,471,014</u> | |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

7. SUPPORT COSTS

| | Total 2018 £ | <i>Total 2017 £</i> |
|------------------------------------|-----------------------------|-----------------------------|
| LGPS FRS102 pension interest cost | 85,000 | 80,000 |
| Technology costs | 6,979 | 9,210 |
| Repairs and maintenance | 65,061 | 87,272 |
| Rent and rates | 7,035 | 5,864 |
| Other support costs | 304,158 | 309,489 |
| Legal, professional and governance | 55,125 | 54,113 |
| Catering costs | 53,591 | 56,950 |
| Cleaning | 70,301 | 61,263 |
| Bank charges | 125 | 103 |
| Wages and salaries | 1,615,064 | 1,504,562 |
| National insurance | 97,029 | 99,384 |
| Pension cost | 517,706 | 489,355 |
| Depreciation | 191,873 | 161,348 |
| | <u>3,069,047</u> | <u><i>2,918,913</i></u> |
| <i>Total 2017</i> | <u><u>2,918,913</u></u> | |

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £ | <i>2017 £</i> |
|---|----------------------|---------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 191,873 | 161,348 |
| Auditors' remuneration - audit | 8,000 | 8,000 |
| Auditors' remuneration - other non-audit services | 7,100 | 9,230 |
| Operating lease rentals | <u>33,052</u> | <u><i>9,140</i></u> |

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|---------------------------|-------------------------|-------------------------|
| Wages and salaries | 2,368,231 | 2,547,901 |
| Social security costs | 200,752 | 212,087 |
| Pension costs | 671,412 | 663,347 |
| | <u>3,240,395</u> | <u>3,423,335</u> |
| Agency staff costs | 233,333 | 100,375 |
| Staff restructuring costs | - | 7,835 |
| | <u><u>3,473,728</u></u> | <u><u>3,531,545</u></u> |

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

Included in staff restructuring costs were non-contractual / non-statutory severance payments totalling £nil (2017: £3,000, which consisted of a single payment of £3,000).

c. Staff numbers

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

| | 2018 No. | 2017 No. |
|-------------------|-------------|-------------|
| Teachers | 18 | 27 |
| Admin and support | 105 | 125 |
| Management | 5 | 5 |
| | <u>128</u> | <u>157</u> |

d. Higher paid staff

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

| | 2018 No. | 2017 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £120,001 - £130,000 | 1 | 1 |

The above staff members participated in the Teachers' Pension Scheme and the value of employers contributions to the scheme during the period were £30,553 (2017: £30,352).

e. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust during the year ended 31 August 2018 was £356,048 (2017: £357,779).

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

9. STAFF COSTS (continued)

10. CENTRAL SERVICES

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

- Procurement of certain goods and services, including utilities, maintenance, insurance and professional services, together with the provision of central finance, HR and operational services.

The Academy Trust charges for these services on the following basis:

- a set monetary amount based on the cost of the services provided split between the two schools in the Trust.

The actual amounts charged during the year were as follows:

| | 2018 £ | 2017 £ |
|---------------------|----------------|----------------|
| St Bernard's School | 72,000 | 72,000 |
| St Lawrence School | 73,000 | 72,999 |
| Total | <u>145,000</u> | <u>144,999</u> |

11. 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 Chief Executive and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Chief Executive 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:

| | | 2018 £ | 2017 £ |
|-------------|----------------------------|-----------------|-----------------|
| Mrs L Mason | Remuneration | 120,000-125,000 | 120,000-125,000 |
| | Pension contributions paid | 20,000-25,000 | 20,000-25,000 |

During the Period ended 31 August 2018, no Directors received any reimbursement of expenses (2017 - £NIL).

12. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2018 was included within the total cost of insurance.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

13. TANGIBLE FIXED ASSETS

| | Leasehold property £ | Furniture and fixtures £ | Plant and equipment £ | Total £ |
|-----------------------|----------------------------|--------------------------------|-----------------------------|------------|
| COST | | | | |
| At 1 September 2017 | 5,793,000 | 272,235 | 81,787 | 6,147,022 |
| Additions | - | 132,603 | - | 132,603 |
| At 31 August 2018 | 5,793,000 | 404,838 | 81,787 | 6,279,625 |
| DEPRECIATION | | | | |
| At 1 September 2017 | 221,400 | 60,402 | 40,894 | 322,696 |
| Charge for the Period | 110,700 | 60,726 | 20,447 | 191,873 |
| At 31 August 2018 | 332,100 | 121,128 | 61,341 | 514,569 |
| NET BOOK VALUE | | | | |
| At 31 August 2018 | 5,460,900 | 283,710 | 20,446 | 5,765,056 |
| At 31 August 2017 | 5,571,600 | 211,833 | 40,893 | 5,824,326 |

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.

14. DEBTORS

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| DUE WITHIN ONE YEAR | | |
| Trade debtors | - | 16,468 |
| VAT recoverable | 34,963 | 52,026 |
| Other debtors | 3,084 | 79,846 |
| Prepayments and accrued income | 43,450 | 26,676 |
| | 81,497 | 175,016 |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|--------------------------------------|----------------|----------------|
| Trade creditors | 85,411 | 157,792 |
| Other taxation and social security | 50,381 | 54,679 |
| Other creditors | 1,262 | 16,663 |
| Accruals and deferred income | - | 1,912 |
| | <u>137,054</u> | <u>231,046</u> |
| | 2018 £ | 2017 £ |
| DEFERRED INCOME | | |
| Deferred income at 1 September 2017 | 1,912 | 1,785 |
| Resources deferred during the year | - | 1,912 |
| Amounts released from previous years | (1,912) | (1,785) |
| | <u>-</u> | <u>1,912</u> |
| Deferred income at 31 August 2018 | - | 1,912 |

Deferred income includes £Nil (2017: £1,912) received for universal infant free school meals funding received in advance.

16. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|----------------------------|---|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| Reserves | 322,417 | 180,550 | (95,840) | - | - | 407,127 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 118,500 | 3,186,022 | (2,897,392) | - | - | 407,130 |
| Pupil premium | - | 174,009 | (174,009) | - | - | - |
| Other DfE grants | - | 89,754 | (88,150) | - | - | 1,604 |
| LA funding | - | 657,165 | (657,165) | - | - | - |
| Other income | - | 18,897 | (18,897) | - | - | - |
| Pension reserve | (3,304,000) | - | (296,000) | - | 659,000 | (2,941,000) |
| | <u>(3,185,500)</u> | <u>4,125,847</u> | <u>(4,131,613)</u> | <u>-</u> | <u>659,000</u> | <u>(2,532,266)</u> |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUND

| | | | | | | |
|-------------------------|------------------|------------------|--------------------|-----------|----------------|------------------|
| Fixed assets | 5,824,326 | - | (191,873) | 132,603 | - | 5,765,056 |
| DfE/ESFA capital grants | 108,376 | 32,100 | - | (132,603) | - | 7,873 |
| | <u>5,932,702</u> | <u>32,100</u> | <u>(191,873)</u> | <u>-</u> | <u>-</u> | <u>5,772,929</u> |
| Total restricted funds | <u>2,747,202</u> | <u>4,157,947</u> | <u>(4,323,486)</u> | <u>-</u> | <u>659,000</u> | <u>3,240,663</u> |
| Total of funds | <u>3,069,619</u> | <u>4,338,497</u> | <u>(4,419,326)</u> | <u>-</u> | <u>659,000</u> | <u>3,647,790</u> |

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

Other ESFA/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.

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 Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £ | Total 2017 £ |
|---|--------------------|--------------------|
| St Bernard's School | 297,448 | 168,633 |
| St Lawrence School | 493,359 | 276,880 |
| Central | 25,054 | (4,596) |
| Total before fixed asset fund and pension reserve | <u>815,861</u> | <u>440,917</u> |
| Restricted fixed asset fund | 5,772,929 | 5,932,702 |
| Pension reserve | (2,941,000) | (3,304,000) |
| Total | <u>3,647,790</u> | <u>3,069,619</u> |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciat- ion £ | Total 2018 £ | Total 2017 £ |
|-----------------------|---|--------------------------------------|------------------------------|--|--------------------|--------------------|
| St Bernard's School | 918,968 | 566,187 | 24,842 | 305,159 | 1,815,156 | 1,892,483 |
| St Lawrence School | 1,372,534 | 307,716 | 50,765 | 248,967 | 1,979,982 | 2,031,858 |
| Central | - | 11,819 | - | 124,396 | 136,215 | 203,767 |
| | <u>2,291,502</u> | <u>885,722</u> | <u>75,607</u> | <u>678,522</u> | <u>3,931,353</u> | <u>4,128,108</u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|-------------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| GENERAL FUNDS | | | | | | |
| Reserves | 274,531 | 79,583 | (31,697) | - | - | 322,417 |
| | <u>274,531</u> | <u>79,583</u> | <u>(31,697)</u> | <u>-</u> | <u>-</u> | <u>322,417</u> |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 55,955 | 2,933,983 | (2,871,438) | - | - | 118,500 |
| Pupil premium | - | 164,817 | (164,817) | - | - | - |
| Other DfE grants | - | 94,755 | (94,755) | - | - | - |
| LA funding | - | 789,006 | (789,006) | - | - | - |
| Other income | - | 31,396 | (31,396) | - | - | - |
| Pension reserve | (3,726,000) | - | (292,000) | - | 714,000 | (3,304,000) |
| | <u>(3,670,045)</u> | <u>4,013,957</u> | <u>(4,243,412)</u> | <u>-</u> | <u>714,000</u> | <u>(3,185,500)</u> |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

16. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUND

| | | | | | | |
|-------------------------|------------------|------------------|--------------------|----------|----------------|------------------|
| Fixed assets | 5,914,781 | - | (161,348) | 70,893 | - | 5,824,326 |
| DfE/ESFA capital grants | 14,554 | 164,715 | - | (70,893) | - | 108,376 |
| | <u>5,929,335</u> | <u>164,715</u> | <u>(161,348)</u> | <u>-</u> | <u>-</u> | <u>5,932,702</u> |
| Total restricted funds | <u>2,259,290</u> | <u>4,178,672</u> | <u>(4,404,760)</u> | <u>-</u> | <u>714,000</u> | <u>2,747,202</u> |
| Total of funds | <u>2,533,821</u> | <u>4,258,255</u> | <u>(4,436,457)</u> | <u>-</u> | <u>714,000</u> | <u>3,069,619</u> |

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 5,765,056 | 5,765,056 |
| Current assets | 407,127 | 545,789 | 7,873 | 960,789 |
| Creditors due within one year | - | (137,055) | - | (137,055) |
| Provisions for liabilities and charges | - | (2,941,000) | - | (2,941,000) |
| | <u>407,127</u> | <u>(2,532,266)</u> | <u>5,772,929</u> | <u>3,647,790</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 5,824,326 | 5,824,326 |
| Current assets | 322,417 | 349,546 | 108,376 | 780,339 |
| Creditors due within one year | - | (231,046) | - | (231,046) |
| Provisions for liabilities and charges | - | (3,304,000) | - | (3,304,000) |
| | <u>322,417</u> | <u>(3,185,500)</u> | <u>5,932,702</u> | <u>3,069,619</u> |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

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

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (80,829) | (178,202) |
| Adjustment for: | | |
| Depreciation charges | 191,873 | 161,348 |
| Dividends, interest and rents from investments | (422) | (427) |
| Decrease/(increase) in debtors | 74,832 | (85,539) |
| (Decrease)/increase in creditors | (75,305) | 91,392 |
| Capital grants from DfE and other capital income | (32,100) | (164,715) |
| Defined benefit pension scheme service costs | 211,000 | 212,000 |
| Defined benefit pension scheme finance cost | 85,000 | 80,000 |
| Net cash provided by operating activities | 374,049 | 115,857 |

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|--------------|----------------|----------------|
| Cash in hand | 879,291 | 605,323 |
| Total | 879,291 | 605,323 |

20. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Contracted for but not provided in these financial statements | - | 70,622 |

21. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £153,706 (2017 - £173,991).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Period ended 31 August 2018 was £377,000 (2017 - £351,000), of which employer's contributions totalled £306,000 (2017 - £279,000) and employees' contributions totalled £71,000 (2017 - £72,000). The agreed contribution rates for future years are 19.0% for employers together with additional lump sum payments of £88,000 per annum and 5.5% to 12.5% for employees.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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:

| | 2018 | 2017 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 2.70 % | 2.80 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.40 % |

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

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

| Sensitivities | At 31 August 2018 £ | At 31 August 2017 £ |
|----------------------------|---------------------------|---------------------------|
| Discount rate -0.5% | 5,641,000 | 5,489,000 |
| Salary increase rate +0.5% | 5,063,000 | 4,950,000 |
| CPI rate +0.5% | 5,493,000 | 5,326,000 |

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

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|-------------------------------------|---|---|
| Equities | 1,448,320 | 1,168,440 |
| Bonds | 297,600 | 179,760 |
| Property | 218,240 | 134,820 |
| Cash and other liquid assets | 19,840 | 14,980 |
| Total market value of assets | 1,984,000 | 1,498,000 |

The actual return on scheme assets was £131,000 (2017 - £200,000).

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

21. PENSION COMMITMENTS (continued)

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

| | 2018 £ | 2017 £ |
|------------------------------------|--------------------|--------------------|
| Current service cost | (517,000) | (491,000) |
| Interest income | 42,000 | 24,000 |
| Interest cost | (127,000) | (104,000) |
| Total | (602,000) | (571,000) |
| Actual return on scheme assets | 131,000 | 200,000 |

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

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Opening defined benefit obligation | 4,802,000 | 4,693,000 |
| Current service cost | 517,000 | 491,000 |
| Interest cost | 127,000 | 104,000 |
| Employee contributions | 71,000 | 72,000 |
| Actuarial (gains) / losses | (570,000) | (538,000) |
| Benefits paid | (22,000) | (20,000) |
| Closing defined benefit obligation | 4,925,000 | 4,802,000 |

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

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Opening fair value of scheme assets | 1,498,000 | 967,000 |
| Interest income | 42,000 | 24,000 |
| Actuarial gains / (losses) | 89,000 | 176,000 |
| Employer contributions | 306,000 | 279,000 |
| Employee contributions | 71,000 | 72,000 |
| Benefits paid | (22,000) | (20,000) |
| Closing fair value of scheme assets | 1,984,000 | 1,498,000 |

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

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

22. OPERATING LEASE COMMITMENTS

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

| | 2018 £ | 2017 £ |
|-------------------------|---------------|-----------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 22,654 | - |
| Between 1 and 5 years | 24,654 | - |
| Total | <u>47,308</u> | <u>-</u> |

23. 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.

24. RELATED PARTY TRANSACTIONS

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

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

25. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the period ended 31 August 2018 the Trust received £4,116 (2017: £3,795) and disbursed £2,512 (2017: £4,103) from the fund. An amount of £1,604 (2017: £Nil) is carried forward at 31 August 2018.

LINCOLNSHIRE WOLDS COMMUNITY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors on 19 December 2018 and signed on its behalf by:



Mr D Rhodes
Chair of Directors