
THE LINCOLNSHIRE EDUCATIONAL TRUST LTD
(A company limited by guarantee)

The Lincolnshire Educational Trust Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2016



**THE LINCOLNSHIRE
EDUCATIONAL TRUST LTD**

**Company Registration Number:
07647805 (England and Wales)**

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Reference and Administrative Details

Members

Prof M Stuart (Chair)

Prof J Davidson

Prof V Braybrooks

Trustees/Directors

Prof V Braybrooks

Prof J Davidson,

Prof M Stuart (Resigned Nov 2015)

Mrs J Worth

Mrs S Boor

Mr A Breckon, Ex Officio CEO/Accounting Officer

Mrs C Hamblett, Chief Finance Officer

Mr S Baragwanath

Prof I Abrahams

Chief Executive Officer and Registered Office

Mr A Breckon

C/O Vice Chancellor's Office University of Lincoln Brayford Pool Lincoln Lincolnshire LN6 7TS

Senior Management Team

Mr S Baragwanath, Principal (UAH) Mrs S Boor, Principal (HPA) Mr A Breckon & Mrs C Hamblett,

Company Registration Number 07647805

Independent Auditors: Duncan & Toplis Ltd, 15 Chequergate, Louth, Lincolnshire, LN11 0LJ

Bankers: Lloyds Bank PLC, 202 High Street, Lincoln, LN5 7AP

Solicitors: Mossop & Bowser, Abbot's Manor, 10 Spalding Road, Holbeach, Lincolnshire,
PE12 7LP

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TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Introduction

The Lincolnshire Educational Trust (LET) was created as a Multi-Academy Trust in July 2014 so that the University Academy Holbeach and the newly converting Holbeach Primary Academy could be in the same Trust. The University of Lincoln remains the sponsor of LET, but a new governance structure was created. The new Trust technically only replaced the old Trust from the 1st September 2014 and the report for this financial year is the second to include both Academies.

The LET has nine Trustees/Directors. The Trust carried out a skills audit of Board member in November 2015 and felt the skills set was more than satisfactory to carry out our duties. However, the Vice Chancellor of the University, Prof Mary Stuart resigned from the Trust Board in order to provide independence for members. The Trust Board members met four times during the year and authorized one decision through email correspondence. In July 2016 the members agreed with the Regional Schools Commissioner to carry out further changes to the Members and Trust Board and these will be implemented during the next financial year.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees act for the charitable activities of the Lincolnshire Educational Trust Limited and are also the directors of the charitable company for the purposes of company law.

Principal activities

The principal activity of the charitable company is the education or provision of teaching and learning. The principal activity is encapsulated in our vision of creating an environment where effective teaching and learning can take place, endeavoring to remove barriers for learning such as deprivation, behaviour and social issues.

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.

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Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy Trust also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

Trustees are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the Academy Trust's sponsors.

The membership of the Trustee Board and Academy Trust governing committee is in accordance with the structure contained within its memorandum and articles of association. Parents and staff are seen as key members of the governing committees. Trustees and Governors are selected to have a breadth of skills which are beneficial to the committee as a whole. The Academy Trust governors meet six times a year.

Policies and procedures adopted for the induction and training of Trustees

The Lincolnshire Educational Trust was incorporated on 25th May 2011 and commenced operation on 1 September 2011. On 18th July 2014 it changed to become a Multi-Academy trust (MAT). A new governance framework was established to comply with the DFE advice on MATs and new trustees appointed. The creation of the MAT Academy governing committees was to oversee the running of each Academy with a key focus on monitoring children and young person's progress. The Trust is highly committed to Trustee and Governor training and there are 2 compulsory training sessions for governors each year as well as external opportunities. Newly appointed governors are invited to join appropriate sub-committees, which report to the Academy Trust governors committee. Each year governors are able to change committees they sit on. Within the Academy Trust, the governors are provided with access to all policies, procedures and scheme of delegation. Where governors have particular professional skill, the Academy Trust seeks to support and utilise the skill within the relevant committee. Governors are also encouraged to attend "whole school" events and where appropriate staff training sessions.

Organisational structure

The organisational structure consists of three levels of members, trustees/directors, governors and senior leadership teams working under the direction of the Principals. The CEO and CFO have roles across the academies. The Governance framework shows members of the different groups working at differing levels to enable coherence and engagement of the Trust. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy across the Trust and agreeing a clear scheme of delegation for governors and executive staff. It sets the annual budget, monitoring the Academy Trust performance both financially and educationally and ensures compliance through audit and monitoring reports.

The principals and senior leadership teams are responsible for the day to day running of their academies and assisting in managing the organisation, oversee the teaching staff and teams of administration/operational

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support. The structure and operation of the Trust follows the guidelines set out in the academies handbook issued by the Department for Education.

The Academy Trust also accesses a number of external agencies to enable a broader provision of education and learning. The external agencies include alternative education and vocational provision, careers and guidance services; as well as a range of training providers from Teaching Schools and other organisations.

The Operational Governance Framework and Scheme of Delegation

The Lincolnshire Educational Trust annually review these two documents which are then issued to all Trustees, Governors and Senior staff, it contains full details on remits and responsibilities for committees, schedule of meetings with outline content, membership as well as a full scheme of delegation and is published on the Trust website. The Trust reserves the right to have different schemes of delegation for different academies, however throughout 2015/16 both academies had the same scheme of delegation. The senior staff salaries are determined by the Principal and CEO, and the Principal's salary is determined by the Chair and CEO.

Connected organisations, including related party relationships

The Lincolnshire Educational Trust Limited operates as a sole entity and is not part of the wider network or federation. The University of Lincoln is the sole sponsor.

Objectives, Mission and Values

Objectives and mission

The object of the charity is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which offering a broad curriculum. The mission is a Trust that seeks to develop academies that are schools of first choice through their educational excellence, developing young people to enhance their life chances through academic, cultural and sporting achievements, personal development and becoming confident lifelong learners.

Values

- Every child and young person enabled to achieve their maximum potential, with learners and teaching being at the heart of all that we do
- Parent and Carers who support their children's learning
- Our excellent staff who are trained and encouraged to bring out the true potentials in others
- An aspirational, ambitious and innovative can do environment for all our learners and staff
- Partnership working where genuine collaboration, care and collective responsibility for one another takes place and enhances learning for all
- Intelligent accountability that is rigorous in its application and seeks to enable every child and young

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person to progress their learning

- High levels of integrity from everyone and the development of our learners and staff to take personal responsibility for their actions
- Making education enjoyable and creating a desire to want to learn more.

The LET approach to raising standards in our academies is based on five tenets:

1. Setting high aspirations for every learner in all aspects of academy life.
2. Knowing every learner and designing support and encouragement in a manner that ensures each can grow and know they can achieve in a safe environment.
3. Providing Inspirational teaching by high quality staff that embeds literacy and numeracy in the curriculum, whilst providing a broad and diverse curriculum that captivates children and young people so they become lifelong learners.
4. Maximising and celebrating every learner's achievements and progress through high quality teaching and support.
5. Promoting exemplary behaviour that is characterised by a respectful and caring environment, where rules are understood and accepted.

Public benefit

The Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Strategic Report

Achievements and performance

The University Academy Holbeach (UAH) has now been an Academy for 5 years and the merged failing school from Crowland has been fully integrated on the Holbeach site. Holbeach Primary Academy (HPA) has now been in the new MAT for two years. Both academies have continued to thrive with very good performance in academic, cultural and sporting activities. This has been achieved through outstanding leadership of both academies by Principals highly focused on pupils' learning, staff working extremely hard in a very dedicated manner, seeking to optimise the performance of every child and a very effective local governing committee whose focus within the Trust is to monitor and challenge pupil progress.

HPA start with pupils with skills and abilities below expected levels for their age, but they make good progress. HPA had outstanding outcomes in 2015 at key stage 2 and prior to that, very good outcomes since 2011. The

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provisional results for key stage 2 in 2016 show HPA is above floor in all areas of progress and therefore defined as above floor again for 2016 as it has been since 2011. Progress in mathematics is below national but not below floor, reading is in line with national and above floor and writing is above national and above floor. However this unexpected drop in results at key stage 2, with no change in staff teaching year 6 has resulted in immediate and decisive analysis and action has taken place reviewing strengths and those areas for development in order to return in 2017 to the outcomes previously achieved. The key stage 1 is at least good with increased greater depth. Attainment is: Reading 70% HPA, National 74 % expected. Writing 70% HPA, National 65%

expected. Maths 70% HPA, National 72. % expected. The performance of disadvantaged pupils including pupil premium pupils was good with above national average progress by these students.

HPA has grown from 232 to over 290 pupils in the two years it has been an academy, which reflects the success of the academy.

UAH is a non-selective secondary Academy in a selective area, with selection currently at 34% of the cohort. In February 2016 the school had a one day Ofsted inspection which confirmed the academy was good with outstanding features, with its vocational provision described as 'gobsmaking'. The full report is on the academy website. In this context the results in 2016 at GCSE are outstanding for a secondary modern school. The new Progress 8 measure introduced in 2016 provisional results show a score of +0.37, which places the academy in the top 14% of all secondary school, remarks show this score is likely to be in the order of +0.4. The average grade has risen to "C" (4.93) in 2015-16 from "C-" (4.63) in 2014-15

This is still a very creditable performance in challenging circumstances. Evidence shows that schools' performance often dips in the year of an inspection - we have avoided this trend. In addition this cohort (2015-16) was 65% boys and 35% girls, the previous cohort (2014-15) was 50% boys and 50% girls. Nationally, boys perform less well than girls, yet despite this national trend, UAH students were able to increase the 5A*-C (En + Ma) performance from 50.5% to 55%. One of the key feature of UAH is its commitment to a broad balanced curriculum thus it enters 93% of its pupils for the EBacc a key government measure. Only two grammar schools in Lincolnshire had a higher entry and the average across secondary modern schools was 26% entry.

The performance of our Post-16 students remains strong, with our average A level grade rising to C- (from D) and our average BTEC grade remaining as Distinction. Success rates in our apprenticeship provision have risen to exceed the national average and the recent external assessment give clear evidence of a high quality programme.

The success at UAH can easily be measured by the Academy having 256 first choices in 2016 which is 76 above its PAN for year 7. To meet parental choice the academy took 35 pupils over PAN. The demand for places is becoming a serious challenge. The sixth form numbers and the apprenticeship programme have increased significantly. The Academy also had major achievements in sport, the arts and music and a range of cultural activities to support the local community.

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Key non-financial performance indicators

The two academies that are members of the Lincolnshire Educational Trust have been able to fulfill the delivery of the curriculum throughout the academic year. Staffing in some areas has not been easy and this has brought about additional expenditure in terms of recruitment. The pupils experience has been very good and the outcomes set out above to demonstrate that our staff provided extremely good value for money.

In all of our expenditure the CEO, CFO, Principals and their staff including the Finance Manager have sought to seek best value for money and question choices and options made. The Trust also has a high level of contract renewal reviews to seek the best value.

Going concern

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

Financial review

The majority of the Academy Trust's income derives from central government funding via EFA (Education Funding Authority). It also received pupil premium and local authority funding to support special education needs, designated special provision and capital fund towards fixtures, fittings and equipment. In addition, the UAH raises funds from the Skills Funding Agency (SFA) through its expertise in apprenticeships and use of its facilities.

During the year ended 31 August 2016 the total operating expenditure of £10.6m was covered by grant funding and other incoming resources. The excess of expenditure over income (excluding depreciation, pension liabilities and assets transferred on conversion) was £785,415. The central charges were 0.32% of total expenditure.

At 31 August 2016 the net current assets were £1.7m and the net book value of tangible fixed assets was £4.4m. The assets were used exclusively for providing education and the associated support services to the learners of the Academy Trust.

There is a declared deficit on the defined benefit pension scheme, local government pension scheme (LGPS) for associated staff. Arguably a similar liability would exist for teachers if measured by the same method. Whilst the value is significant the governors do not believe that the liability represents a material risk because the liability would be spread over medium to long term which would minimise its impact.

Reserves policy

It is the Academies' aim to keep the reserves so there is substantially more than one month's salary cost on hand in cash form at any point. A cash flow forecast is provided, cash is monitored on a daily basis and money

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is invested on deposit where appropriate.

Investment policy

The Governors' policy is to retain the investment property long term in order to generate income from lettings. It is the intention to invest any surplus funds in low risk short term bank deposits.

Principal risks and uncertainties

The Governors consider that the principal risks and uncertainties facing the Academy Trust are:

1. Meeting requisite standards of education for students in core subjects
2. Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity commission and the National Curriculum
3. Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and or financial commitments made without adequate authorisation
4. Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information
5. Inadequate buildings or environmental systems that can lead to school closure
6. Failure to recruit sufficient pupils to make any academy viable.

The key controls used by the Academy Trust include:

1. Detailed terms of reference for all committees
2. Formal agendas for the Academy Trust board and committees
3. Schemes of delegation and formal financial regulations
4. Formal written policies
5. Clear authorisation and approval levels
6. Policies and procedures required by law to protect the vulnerable
7. Regular training of all staff.

Financial and risk management objectives and policies

Most of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes in pursuance of the Academy Trust's objects. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

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Risk management

The Trustees, Principal and governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Principals have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff, supervision of school grounds) and an effective system of internal financial control in order to minimise risk.

Risks to the Academy Trust fall into the following three categories:

1. Financial - Income to the Academy Trust is always predicted prudently and expenditure plans are controlled by a strong committee structure. The Principal is accountable to the committee for restricting expenditure within budget limits.
2. Performance - A decline in results would lead to a less favourable reputation which would, in turn, lead to fewer numbers of students with the subsequent loss of income. The Principal is accountable to the governing body for academic results.
3. Health and Safety - A range of risk assessments, including actions to be taken in the event of extreme incidents, have been written. These are reviewed annually.

Employment of disabled persons

The Trustees recognise that equal opportunities should be an integral part of good practice in the workplace. The Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the needs of all people are fully known, valued and understood.

Buildings will comply with all current legislation, lifts, ramps and disabled toilets will be installed and the door widths will be adequate to enable wheelchair access to all areas of the Academy Trust. The policy of the Academy Trust is to support special education needs and designated special provisions. The Academy Trust does this by adapting the physical environment by making support resources available and through training and career development.

Plans for future periods

Each Academy will maintain its PAN (Published Admission Number)

Ambitious targets have been set for pupil attainment and progress in each Academy. There will be a continuing emphasis on strategies to improve performance of the pupils receiving pupil premium and also high attaining pupils, being implemented through careful analysis of pupil performance data.

The emphasis on reading will be maintained as whole Academy activities. There are plans to further enhance

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arts, cultural, music and sporting activities, including the use of sports premium funding in our primary Academy. UAH will bring coursework completion to Christmas of Year 11. This will ensure adequate revision and preparation time is made available for youngsters embarking upon their exams. They will also keep under review the new 3 year GCSE courses.

Further resources will be directed towards CPD (Continuing Professional Development) to continue the drive to improve teaching and learning.

Curriculum and physical links between the two academies will be extended and strengthened.

Both will continue to use expert external advisers to assess their judgements and to ensure best practice is achieved.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- Approved by order of the members on 6th December and signed on its behalf by:

V. A. Braybrooks

Prof V Braybrooks, Chair

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GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to Mr A Breckon as CEO and Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Lincolnshire Educational Trust Limited and the Secretary of State for Education. He is also responsible for reporting to the Board for any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trust Board has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of a possible
Prof J Davidson (Chair)	3	4
Mr S Baragwanath	3	4
Prof V Braybrooks	4	4
Mrs J Worth	4	4
Prof M Stuart (Resigned 30 th Nov 2015)	2	2
Mrs C Hamblett	4	4
Prof I Abrahams	4	4
Mrs S Boor	3	4
Mr A Breckon Ex-officio	4	4

Governance reviews

The board of trustees review and respond to any third party review of governance requirements. The board of trustees are aware of their responsibility to consider laws and regulations, finance systems and controls and also community responsibility. There have been no formal requests in the current year for a governance review. The board are aware of the requirement to ensure work of the Board is effective. However, the

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Members are in the process of making changes to the Board of Trustees bring independent business people into the Board.

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to review and control the financial performance of the Academy Trust. There were three meetings of the Audit Committee during the year. Members of the Audit Committee and their attendance is as follows:

Audit Members	Meetings attended	Out of a possible
Prof V Braybrooks Chair (Trustee)	3	3
Mrs J Worth (Trustee)	2	3
Mr D Braham (Independent Member)	3	3
Mr N Cooper (Independent Member)	3	3

Value for Money

The Lincolnshire Educational Trust is fully committed to seeking best value for money; from investing in the future in new infrastructure and educational experiences to ensuring every child and young person can fulfill their potential. We annually look at every contract and determined best value from all suppliers and this is now part of our standard operating procedures across the Trust. We have purchased for UAH the SIM management software, which is fully operational and through this we hope to improve our efficiency in our operations. In January 2016 we carried out a review of all expenditure to seek savings across all budgets. Part of the exercise was to seek to align contracts in across the 2 academies. We have changed payroll and HR provider and reduced costs accordingly, as the photocopier contract is coming to an end we will be replacing this early in the next financial year and we have saved funding with new ways of purchasing and cleaning buildings.

The Trust however believes it has provided very good value for money to tax payers in 2015/16 with the provision of a broad, wide ranging curriculum in both academies and very significant extra-curricular activities is what we aim to offer and that has been achieved with good results in both of our academies. The investment in Saturday workshops and holiday tuition has been very well received by students at UAH and the impact is significant. The two academies work very closely together and expertise is shared and in 2015/16 the University of Lincoln is providing support in the arts and with teacher recruitment and initial teacher training.

The LET takes a top slice of 0.32% to fund the CEO and CFO roles in the Trust which we believe is first class value for money as both members covering those roles are very experienced. The LET will continue to seek best value whenever it can to ensure maximum resources are available to support the learning of pupils in our academies.

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

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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 and subjected to regular testing in The Lincolnshire Educational Trust Limited for two years and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board asked the Audit committee to look in detail at the risk assessment in both academies and how risk was being mitigated. The Audit committee felt this was well managed and it was then sent to the Board where it was approved at the April meeting. The Board of Trustees 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 year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process will continue to be regularly reviewed by the Board of Trustees.

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 Trustees;
- regular reviews by the Trust Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks. The Board of Trustees has considered the need for a specific internal audit function and has developed a full internal audit plan for the 2016/17 year onwards with the Trust's external auditor, Duncan & Toplis Limited. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's Trust's financial systems. The internal auditor reports to the Board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the Trustees financial responsibilities. During 2015/16 the external auditor performed an interim audit and reported the findings to the Audit Committee and no material control issues arose.

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Review of effectiveness

As Accounting Officer, Mr A Breckon has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor through a programme of internal assurance;
- 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 6th December 2016 and signed on its behalf by:

Mr A Breckon Accounting Officer



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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Lincolnshire Educational Trust Limited I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. 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 Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

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



Mr A Breckon Accounting officer

Date:

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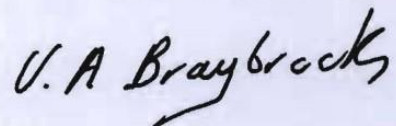
STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies: Accounts Direction 2015 to 2016 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business. The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 6th December 2016 and signed on its behalf by:



Prof V Braybrooks Trustee, Chair

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LINCOLNSHIRE EDUCATIONAL TRUST LIMITED**

We have audited the financial statements of The Lincolnshire Educational Trust Limited for the Year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

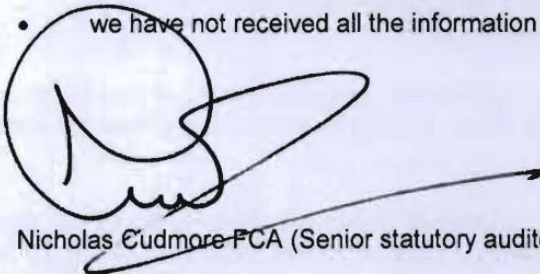
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Limited

Chartered Accountants & Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

6th December 2016

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE
LINCOLNSHIRE EDUCATIONAL TRUST LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 11th May 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lincolnshire Educational Trust Limited during the Year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED'S
ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of The Lincolnshire Educational Trust Limited's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

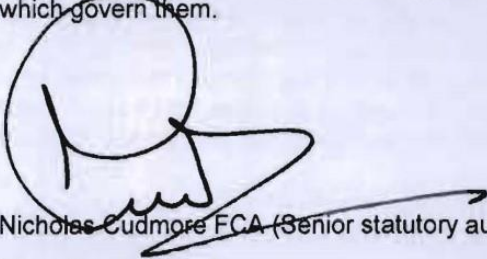
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

CONCLUSION

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



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Limited

Chartered Accountants & Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 6th December 2016

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Charitable activities	2	-	8,970,698	-	8,970,698	9,344,489
Other trading activities	3	261,329	589,864	-	851,193	708,235
Investments	4	12,209	-	-	12,209	25,278
Transfer on conversion		-	-	2,844,000	2,844,000	73,732
TOTAL INCOME		273,538	9,560,562	2,844,000	12,678,100	10,151,734
EXPENDITURE ON:						
Charitable activities		211,238	9,826,758	581,519	10,619,515	10,180,698
TOTAL EXPENDITURE	7	211,238	9,826,758	581,519	10,619,515	10,180,698
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	62,300 (9,180)	(266,196) (230,858)	2,262,481 240,038	2,058,585 -	(28,964) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		53,120	(497,054)	2,502,519	2,058,585	(28,964)
Other recognised losses		-	-	-	-	(287,000)
Opening defined benefit pension scheme liability	23	-	(1,278,000)	-	(1,278,000)	(66,000)
NET MOVEMENT IN FUNDS		53,120	(1,775,054)	2,502,519	780,585	(381,964)
RECONCILIATION OF FUNDS:						
Total funds brought forward		92,309	(190,163)	1,887,529	1,789,675	2,171,639
TOTAL FUNDS CARRIED FORWARD		145,429	(1,965,217)	4,390,048	2,570,260	1,789,675

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

REGISTERED NUMBER: 07647805

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		4,390,048		1,887,528
CURRENT ASSETS					
Stocks	15	28,735		29,620	
Debtors	16	406,558		626,355	
Cash at bank and in hand		1,700,218		2,165,703	
		<u>2,135,511</u>		<u>2,821,678</u>	
CREDITORS: amounts falling due within one year	17	<u>(399,772)</u>		<u>(724,469)</u>	
NET CURRENT ASSETS			<u>1,735,739</u>		<u>2,097,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,125,787</u>		<u>3,984,737</u>
CREDITORS: amounts falling due after more than one year	18		<u>(68,527)</u>		<u>(101,062)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>6,057,260</u>		<u>3,883,675</u>
Defined benefit pension scheme liability	23		<u>(3,487,000)</u>		<u>(2,094,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>2,570,260</u>		<u>1,789,675</u>
FUNDS OF THE TRUST					
Restricted income funds:					
Restricted income funds	19	1,521,783		1,903,837	
Restricted fixed asset funds	19	4,390,048		1,887,529	
Restricted income funds excluding pension liability		<u>5,911,831</u>		<u>3,791,366</u>	
Pension reserve		<u>(3,487,000)</u>		<u>(2,094,000)</u>	
Total restricted income funds			<u>2,424,831</u>		<u>1,697,366</u>
Unrestricted income funds	19		<u>145,429</u>		<u>92,309</u>
TOTAL			<u>2,570,260</u>		<u>1,789,675</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:

V. A. Braybrooks

Prof V Braybrooks
Chair of Trustees

The notes on pages 25 to 48 form part of these financial statements.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>2,606,344</u>	<u>473,545</u>
Cash flows from investing activities:			
Interest Received		12,209	25,277
Interest Paid		-	(5,391)
Purchase of tangible fixed assets		(240,039)	(565,950)
Restricted FA fund transfer on conversion		(2,844,000)	(15,000)
Net cash used in investing activities		<u>(3,071,830)</u>	<u>(561,064)</u>
Cash flows from financing activities:			
Financing		-	(31,435)
Net cash used in financing activities		<u>-</u>	<u>(31,435)</u>
Change in cash and cash equivalents in the Year		(465,486)	(118,954)
Cash and cash equivalents brought forward		<u>2,165,704</u>	<u>2,284,658</u>
Cash and cash equivalents carried forward	22	<u><u>1,700,218</u></u>	<u><u>2,165,704</u></u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Lincolnshire Educational Trust Limited constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

1.2 Fund accounting

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

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

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

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the 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.

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

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

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	10% Straight Line
Motor vehicles	-	20% Straight Line
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33% Straight Line

1.7 Interest receivable

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

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.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 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.

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

1.13 Taxation

The 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 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.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, 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 LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16 - 19 bursary funds from the EFA. The trust can use up to 5% of the allocation towards its own administration costs. The funds received and paid and any balances are disclosed in note 28.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

2. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	8,228,176	8,228,176	8,373,116
Start Up Grant	-	25,000	25,000	25,000
Other DfE/EFA Revenue grants	-	161,069	161,069	294,964
	<u>-</u>	<u>8,414,245</u>	<u>8,414,245</u>	<u>8,693,080</u>
Other government grants				
Pupil Premium	-	335,042	335,042	435,540
Other government revenue grants	-	221,411	221,411	215,869
	<u>-</u>	<u>556,453</u>	<u>556,453</u>	<u>651,409</u>
	<u>-</u>	<u>8,970,698</u>	<u>8,970,698</u>	<u>9,344,489</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £9,344,489 was to restricted funds.

3. Activities for generating funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of Facilities	11,705	-	11,705	11,065
Catering Income	249,624	40,598	290,222	249,096
Sales to Pupils	-	2,811	2,811	2,616
Other Income	-	281,073	281,073	205,366
Apprenticeship Income	-	260,734	260,734	237,454
Music Tuition	-	4,648	4,648	2,638
	<u>261,329</u>	<u>589,864</u>	<u>851,193</u>	<u>708,235</u>

In 2015, of the total income from other trading activities, £11,065 was to unrestricted funds and £697,170 was to restricted funds.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income - other local investments	12,209	-	12,209	25,278

In 2015, of the total investment income, £25,278 was to unrestricted funds and £ NIL was to restricted funds.

5. DIRECT COSTS

	Funding for the Trust £	Total 2016 £	Total 2015 £
Pension income	78,000	78,000	72,000
Educational supplies	370,211	370,211	384,968
Technology costs	38,636	38,636	54,121
Examination fees	184,278	184,278	163,811
Staff Development	88,745	88,745	85,876
Other costs	47,872	47,872	47,938
Wages and salaries	5,520,149	5,520,149	5,456,500
National insurance	470,166	470,166	414,227
Pension cost	881,984	881,984	752,780
Depreciation	61,420	61,420	55,059
	<u>7,741,461</u>	<u>7,741,461</u>	<u>7,487,280</u>

In 2015, the Academy incurred the following Direct costs:

£7,487,280 in respect of Funding for the Trust's educational operations

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

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

6. SUPPORT COSTS

	Funding for the Trust £	Total 2016 £	Total 2015 £
Recruitment and support	139,210	139,210	162,245
Maintenance of premises and equipment	139,244	139,244	215,238
Cleaning	14,664	14,664	15,704
Rent and rates	63,624	63,624	47,198
Energy costs	132,268	132,268	124,826
Insurance	100,521	100,521	93,432
Transport	54,801	54,801	48,358
Telephone, postage and stationary	76,286	76,286	67,823
Catering	251,836	251,836	238,984
Other costs	199,105	199,105	96,476
Bank interest and charges	5,020	5,020	6,143
Personnel fees	29,603	29,603	22,684
Legal & professional fees	87,859	87,859	93,887
Auditors' remuneration	14,000	14,000	12,000
Wages and salaries	820,158	820,158	777,222
National insurance	46,418	46,418	37,441
Pension cost	183,338	183,338	158,454
Depreciation	520,099	520,099	475,303
	<u>2,878,054</u>	<u>2,878,054</u>	<u>2,693,418</u>

During the Year ended 31 August 2016, the Academy incurred the following Governance costs:

£131,462 (2015 - £128,571) included within the table above in respect of Funding for the Trust's educational operations.

In 2015, the Academy incurred the following Support costs:

£2,564,847 in respect of Funding for the Trust's educational operations

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Funding for the Trust:					
Direct costs	6,872,299	61,420	807,742	7,741,461	7,487,280
Support costs	1,049,914	450,321	1,377,819	2,878,054	2,693,416
	<u>7,922,213</u>	<u>511,741</u>	<u>2,185,561</u>	<u>10,619,515</u>	<u>10,180,696</u>

In 2016, of the total expenditure, £131,462 (2015 - £NIL) was to unrestricted funds and £10,488,053 (2015 - £10,180,696) was to restricted funds.

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FOR THE YEAR ENDED 31 AUGUST 2016

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	581,519	530,362
Governance internal audit costs	5,493	5,493
	<u>587,012</u>	<u>535,855</u>

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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	6,340,307	6,233,722
Social security costs	516,584	451,668
Operating costs of defined benefit pension schemes	1,065,322	911,234
	<u>7,922,213</u>	<u>7,596,624</u>

Staff restructuring costs comprise:

	2016 £	2015 £
Severance payments	-	10,000
	<u>-</u>	<u>10,000</u>

The average number of persons employed by the Trust during the Year was as follows:

	2016 No.	2015 No.
Management	13	13
Teachers	155	117
Support	82	108
	<u>250</u>	<u>238</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	0

The key management of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,080,413 (2015: £973,350).

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10. CENTRAL SERVICES

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

- Consultancy Services

The Trust charges for these services on the following basis:

Time apportioned (based on actual time spent).

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
University Academy Holbeach	30,503	27,295
Holbeach Primary Academy	3,998	3,009
	34,501	30,304
Total	34,501	30,304

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016	2015
		£	£
Mr S Baragwanath (Principal of UAH and Trustee)	Remuneration	100,000-105,000	95,000-100,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Mrs S Boor (Principal of HPA and Trustee)	Remuneration	65,000-70,000	60,000-65,000
	Pension contributions paid	10,000-15,000	5,000-10,000

During the year, expenses totalling £163 (2015 - £66) were reimbursed to 1 Trustee (2015 - 1).

12. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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13. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	94,000	79,000
Interest on pension scheme liabilities	(172,000)	(151,000)
	(78,000)	(72,000)

14. TANGIBLE FIXED ASSETS

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	1,193,626	33,978	567,999	1,164,344	2,959,947
Additions	2,907,585	25,270	46,745	104,439	3,084,039
Disposals	-	-	-	(334)	(334)
At 31 August 2016	4,101,211	59,248	614,744	1,268,449	6,043,652
Depreciation					
At 1 September 2015	134,902	27,184	235,464	674,869	1,072,419
Charge for the Year	61,420	11,848	122,954	385,297	581,519
On disposals	-	-	-	(334)	(334)
At 31 August 2016	196,322	39,032	358,418	1,059,832	1,653,604
Net book value					
At 31 August 2016	3,904,889	20,216	256,326	208,617	4,390,048
At 31 August 2015	1,058,724	6,794	332,535	489,475	1,887,528

Land and buildings donated to the Trust on conversion have now been brought in as assets transferred on conversion using valuations obtained on 1st December 2016. No depreciation has been provided on these assets to date as the valuation was carried out post year-end.

The value of land and buildings for Holbeach Primary Academy was £2,844,000, the land and buildings occupied by University Academy Holbeach have not yet been included on the basis that no lease agreement has yet been signed with the Local Authority.

15. STOCKS

	2016 £	2015 £
Consumables	28,735	29,620

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16. DEBTORS

	2016	2015
	£	£
Trade debtors	6,406	24,450
VAT repayable	66,766	88,050
Other debtors	141,098	325,479
Prepayments and accrued income	192,288	188,376
	406,558	626,355
	406,558	626,355

17. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	166,071	178,892
Other taxation and social security	-	136,897
Other creditors	40,846	152,388
Accruals and deferred income	192,855	256,292
	399,772	724,469
	399,772	724,469

	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	35,685	79,379
Resources deferred during the year	64,691	35,685
Amounts released from previous years	(35,685)	(79,379)
	64,691	35,685
	64,691	35,685

Deferred income comprises grants received in the year towards future expenditure.

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18. CREDITORS: Amounts falling due after more than one year

	2016 £	2015 £
Other loans	<u>68,527</u>	<u>101,062</u>

Included within the above are amounts falling due as follows:

	2016 £	2015 £
Between one and two years		
Other loans	<u>33,674</u>	<u>32,534</u>
Between two and five years		
Other loans	<u>34,853</u>	<u>68,528</u>

The Trust took control over the Public Works Board Loan which funded the extension to the 6th form block when it was part of the George Farmer Technology and Language College. The length of repayment has been set at 10 years and the interest rate at 3.47%. The loan is due to be repaid by August 2019.

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

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Fund	92,309	-	-	(9,180)	-	83,129
Hire of Premises	-	11,705	-	-	-	11,705
Investment Income	-	12,209	-	-	-	12,209
Catering Income	-	249,624	(211,238)	-	-	38,386
	<u>92,309</u>	<u>273,538</u>	<u>(211,238)</u>	<u>(9,180)</u>	<u>-</u>	<u>145,429</u>
Restricted funds						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	1,903,837	8,319,299	(8,510,886)	(275,360)	-	1,436,890
Start Up Grant	-	25,000	(18,847)	-	-	6,153
Other DfE/EFA Grants	-	404,988	(440,310)	35,322	-	-
LCC Other Government Grants	-	221,411	(221,411)	-	-	-
Total Other Income	-	449,091	(370,351)	-	-	78,740
School Fund	-	140,773	(149,953)	9,180	-	-
Pension reserve	(2,094,000)	-	(115,000)	-	(1,278,000)	(3,487,000)
	<u>(190,163)</u>	<u>9,560,562</u>	<u>(9,826,758)</u>	<u>(230,858)</u>	<u>(1,278,000)</u>	<u>(1,965,217)</u>
Restricted fixed asset funds						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Restricted Fixed Asset Funds - all funds	1,887,529	2,844,000	(581,519)	240,038	-	4,390,048
Total restricted funds	<u>1,697,366</u>	<u>12,404,562</u>	<u>(10,408,277)</u>	<u>9,180</u>	<u>(1,278,000)</u>	<u>2,424,831</u>
Total of funds	<u><u>1,789,675</u></u>	<u><u>12,678,100</u></u>	<u><u>(10,619,515)</u></u>	<u><u>-</u></u>	<u><u>(1,278,000)</u></u>	<u><u>2,570,260</u></u>

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

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

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

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

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

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

The pension reserve arises from the actuarial measurement of the Trust's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £364,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £1,278,000 actuarial increase in the net pension fund deficit.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	<i>Total 2015 £</i>
University Academy Holbeach	1,569,660	1,911,744
Holbeach Primary Academy	91,399	84,402
Gosberton House School	6,153	-
Total before fixed asset fund and pension reserve	<u>1,667,212</u>	<u>1,996,146</u>
Restricted fixed asset fund	4,390,048	1,887,529
Pension reserve	(3,487,000)	(2,094,000)
Total	<u><u>2,570,260</u></u>	<u><u>1,789,675</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
University Academy Holbeach	6,279,070	937,977	579,371	1,135,546	8,931,964	8,465,148
Holbeach Primary Academy	759,973	111,938	57,742	157,532	1,087,185	1,081,012
Gosberton House School	-	-	3,884	14,963	18,847	-
	<u>7,039,043</u>	<u>1,049,915</u>	<u>640,997</u>	<u>1,308,041</u>	<u>10,037,996</u>	<u>9,546,160</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	4,390,048	4,390,048	1,887,529
Current assets	145,429	1,990,082	-	2,135,511	2,821,677
Creditors due within one year	-	(399,772)	-	(399,772)	(724,469)
Creditors due in more than one year	-	(68,527)	-	(68,527)	(101,062)
Provisions for liabilities and charges	-	(3,487,000)	-	(3,487,000)	(2,094,000)
	<u>145,429</u>	<u>(1,965,217)</u>	<u>4,390,048</u>	<u>2,570,260</u>	<u>1,789,675</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	2,058,585	(28,964)
Adjustment for:		
Depreciation charges	581,519	530,362
Interest receivable	(12,209)	(25,277)
Interest payable	-	5,391
Decrease in stocks	884	5,557
Decrease/(increase) in debtors	219,796	(289,532)
(Decrease)/increase in creditors	(357,231)	172,008
Defined benefit pension scheme finance cost	115,000	104,000
Net cash provided by operating activities	<u>2,606,344</u>	<u>473,545</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank	1,700,218	2,165,704
Total	<u>1,700,218</u>	<u>2,165,704</u>

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23. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2013.

Contributions amounting to £Nil were payable to the schemes at 31 August 2016 (2015 - £114,221) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £663,714 (2015 - £550,985).

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23. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2016 was £404,000 (2015 - £379,000), of which employer's contributions totalled £327,000 (2015 - £307,000) and employees' contributions totalled £77,000 (2015 - £72,000). The agreed contribution rates for future years are 21% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.60 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.5	24.5
Females	26.8	26.8

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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	2,489,410	1,773,750
Debt instruments	420,290	307,450
Property	323,300	283,800
	<u>3,233,000</u>	<u>2,365,000</u>

The actual return on scheme assets was £94,000 (2015 - £79,000).

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

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(364,000)	<i>(339,000)</i>
Net interest cost	(78,000)	<i>(72,000)</i>
	<u>(442,000)</u>	<u><i>(411,000)</i></u>

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	4,459,000	3,520,000
Current service cost	364,000	339,000
Interest cost	172,000	151,000
Contributions by employees	77,000	72,000
Actuarial losses	1,690,000	39,000
Liabilities assumed in a business combination	-	390,000
Benefits paid	(42,000)	<i>(52,000)</i>
	<u>6,720,000</u>	<u><i>4,459,000</i></u>

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23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	2,365,000	1,883,000
Interest income	94,000	79,000
Actuarial gains and (losses)	412,000	(27,000)
Contributions by employer	327,000	307,000
Contributions by employees	77,000	72,000
Assets acquired in a business combination	-	103,000
Benefits paid	(42,000)	(52,000)
	<u>3,233,000</u>	<u>2,365,000</u>

24. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	9,590	5,493
Between 1 and 5 years	34,382	994
	<u>43,972</u>	<u>6,487</u>
Total	<u>43,972</u>	<u>6,487</u>

25. 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.

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26. RELATED PARTY TRANSACTIONS

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

	2016 £	2015 £
During the year the Trust made the following related party transactions:	-	-
Sleight Improvements	500	-
University of Lincoln - Expenditure	27,461	34,866
University of Lincoln - Income	260,734	237,454
ABM Educational Consultancy	31,900	24,850
	31,900	24,850

Sleight Improvements - A business owned by Mr Sleight spouse of Mrs A Sleight (Governor UAH). The trust sold a hot tub from the hair and beauty department for the price of £500, the price reflected the need for the Sleight improvements to attend the site, disconnect and remove the item. (2015 - £Nil).

University of Lincoln - During the year the income received from the university relates to the apprentice contracts £260,734 (2015 - £237,454). The Trust are sub-contractors to the main contract, Prof J Davidson, Prof V Braybrooks, Prof I Abrahams, Ms C Hamblett are all employed by the University and are also Directors of the Trust. The expenditure incurred during the year £27,461 (2015 - £34,866) relates to time recharged from Central Services. At the balance sheet date the amount due to the trust was £13,843. In 2015 the balance at the year end was £34,866 which was owed to the University.

ABM Educational Consultancy - A company owned by Andy Breckon (CEO of the Trust). During the year the Trust received consultancy services from ABM Educational Consultancy totalling £31,900 (2015 - £24,850).

27. POST BALANCE SHEET EVENTS

Gosberton House School joined the multi academy trust on 1 September 2016.

28. AGENCY ARRANGEMENTS

The academy trust distributes 16 - 19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £41,775 and disbursed £41,775 from the fund.

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

29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	<i>1 September 2014</i>	<i>31 August 2015</i>
		£	£
Total funds under previous UK GAAP		2,171,639	1,789,675
Total funds reported under FRS 102		<u>2,171,639</u>	<u>1,789,675</u>

Reconciliation of net (expenditure)	Notes	<i>31 August 2015</i>
		£
Net income previously reported under UK GAAP		75,036
Changes in recognition of LGPS interest cost	A	<u>(104,000)</u>
Net movement in funds reported under FRS 102		<u>(28,964)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £104,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

30. CONTROLLING PARTY

The Trustees have ultimate control of the Trust.