Lincoln Anglican Academy Trust

Registered number: 08737412

Annual report and financial statements

For the year ended 31 August 2017

Lincoln Anglican Academy Trust

Contents
For the 12 months ended 31 August 2017

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 – 12
Governance Statement	13 – 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 – 20
Independent Auditor's Assurance Report on Regularity	21 – 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 50

Lincoln Anglican Academy Trust

Reference and Administrative Details
For the 12 months ended 31 August 2017

Trustees

Professor John Visser (Chair)
Gregory Marsden (Vice Chair)
Reverend Canon Andrew Dodd
Daryl Summers (term of office ended 16 October 2017)
Gillian Wright (term of office ended 16 October 2017)
Joanne Kerry
Trevor Hughes
Jeremy Woolner
Oliver Tasker
Barrie Shipley
Reverend Canon Keith Wilkinson (appointed 4 October 2016)
Dr Michael Smalley (appointed 18 November 2016)
Richard Wilson (appointed 25 May 2017)
Jacqueline Waters-Dewhurst, Chief Executive

Members

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

Company registered number

08737412

Principal and registered office

Edward King House
Minster Yard
Lincoln
LN2 1PU

Senior Leadership Team

Jacqueline Waters-Dewhurst, Chief Executive
Paul Thompson, Director of School Improvement (appointed 1 July 2017)
Leanne Holmes, Finance Director
Steve Stafford, Deputy Chief Executive (resigned 27 April 2017)

Reference and Administrative Details
For the 12 months ended 31 August 2017

Advisers

Independent auditor

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

Bankers

Lloyds Bank LLP
202 High Street
Lincoln
LN5 7AP

Solicitors

Lee Bolton Monier Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

Trustee's Report
For the 12 months ended 31 August 2017

Introduction by the Chairman – Professor John Visser

Once again, it is my pleasure to present the annual report and accounts for the Lincoln Anglican Academy Trust. It is fair to say that 2017 has been a year of two halves. The first half of the year saw the Trust effectively double in size, expanding by a further five schools. The ease with which the new schools were integrated into the Trust is testament not only to the hard work of the central team, but equally, the enthusiasm with which these new schools embraced being part of a Multi Academy Trust. The second half of the year was largely one of consolidation, with new systems being embedded and adapted to meet the changing needs of our growing Trust. In addition, one further school was added to the family in July, bringing the total number of schools in the Trust to eleven.

During the year, we have welcomed three new Trustees to further strengthen the Trust Board. October 2016 saw the appointment of The Reverend Canon Keith Wilkinson who has undertaken Senior Leadership roles in a number of schools and previously held the position of Conduct and Senior Chaplain at Eton College. In November 2016, we were joined by Dr Michael Smalley. Dr Smalley has held various senior management positions in international charities, specialising in the fields of education and health care. He has also served as a Trustee and Chair of the Board of Trustees in various overseas schools. Richard Wilson was the most recent appointment to the Board. Richard is a chartered management accountant who has held a number of senior financial and management positions.

It is with sadness that we bid farewell to two long standing Trustees, Gillian Wright and Daryl Summers, both of whom retired in October 2017. Gillian and Daryl have made a tremendous contribution to the work of the Trust and will be greatly missed.

Our staff are at the heart of everything we do and I would like to take this opportunity to express my thanks to all of them. Their endless enthusiasm, professionalism and commitment are a huge source of pride to the Trust

Finally, no matter what changes are taking place all around us, our commitment to providing the highest standards of education to the children in our schools remains constant. Standards will always be at the top of our priorities and despite the increasing budgetary constraints that we and others in the sector face, we are committed to finding innovative and effective ways to deliver the best outcomes for our pupils.

Chief Executive's Statement

This year has been immensely exciting for the Trust and we have welcomed new schools, colleagues and pupils to our growing family.

The schools that have joined us have brought with them a wealth of expertise and already we can see the impact that they have had on shaping the future of our Trust.

One of the key benefits that has emerged from this expansion is an increased ability for the Trust to create regional hubs, each with their own expertise and knowledge base. A core piece of work that has emerged from the hubs is the creation of their own hub development plans. This has given individual schools the opportunity to shape the future, not only of the hubs themselves, but also of the Trust as a whole.

In recent months, a number of our schools have been inspected by OFSTED, our regulator. I am pleased to report that three of these schools have either improved or retained their "good" judgement and this is in spite of the fact that all three of them face their own particular challenges, for example in terms of their demographic area. It was disappointing to see that two of the schools did not fare well in inspections and whilst the Trust was able to put in place immediate interventions, we have learnt a number of lessons as a result. In addition, two schools were also inspected under the SIAMS framework and each achieved a rating of "good". It is encouraging to know that Church school distinctiveness lived out in Christian values continues to lie at the heart of what we do.

One of the key challenges of being a growing Multi Academy Trust is ensuring that the correct systems are in place to facilitate effective management of the organisation. To this end, a new performance tracking system was introduced to our schools to allow access to real time data about pupil performance. This has allowed the Trust to identify wider trends and put in place programmes to address areas of weakness. Following on from the success of this project, the Trust is planning to implement a new management information system across all schools in the new financial year and work is already underway to identify the most suitable product.

This year has seen a further strengthening of the central team with a number of new appointments. School improvement has been a core area of focus and the appointment of Stuart Edmonds in January 2017 has enabled the Trust to develop a robust framework of support for all LAAT schools. This was further enhanced by the addition of Paul Thompson as Director of School Improvement in July 2017. The work that Paul and Stuart are doing has meant that all of our schools have been subject to regular challenge and monitoring.

The Trust is committed to working in a collaborative manner and during the year, it has strengthened links with a number of educational bodies, such as the Teaching Schools Alliance. As the strength of the central team continues to build, the Trust has itself supported other schools in the wider diocese in areas such as finance, governance and HR.

Our new HR Manager, Chris Shepherd, has extensive experience in the public sector and has already undertaken a significant amount of policy review work, including the introduction of a new performance appraisal system for support staff.

During the year, the Trust has successfully introduced Executive Head Teachers into several of our schools. This model allows smaller schools in particular to benefit from high quality leadership, whilst making budgetary savings and fosters a greater spirit of collaboration between schools.

In spring 2017, the Trust was able to secure regional growth monies, part of which has been used to fund the appointment of a Governance Officer. The Governance Officer is already playing a key role in driving forward standards of governance in our schools and is available to provide advice and guidance to Local Boards, Senior Leaders and clerks.

In addition to our in-house appointments, we have formed new partnerships with organisations who are able to respond to the increasing demands of our Trust. This includes risk management and insurance services, together with legal advisors, property and IT partners. The use of external professional expertise complements our in-house skills and has enabled the Trust to offer a more comprehensive, flexible and cost effective service to our schools.

Looking ahead, the Trust plans to continue its expansion, with a further tranche of schools looking to join us in the coming months. These schools have been identified as being able to make a significant contribution to the work of the Trust and we have already established close working relationships with them ahead of their conversion.

Whenever I visit our schools, it is a privilege to witness the excellent work that goes on each day. Despite all the challenges faced by both pupils and staff, their endless enthusiasm for learning is what makes our Trust such a wonderful organisation to be part of. As we begin a new academic year, our aim will be to provide even higher standards of education, ensuring that all of the children in all of our schools are given the very best start in life, living out our belief that every child is made in the image of God and loved by him.

The Trustees, who are also directors of the company for the purposes of the Companies Act, present their annual report together with the financial statements and the auditor's report of the charitable company for the 12 months ending 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report and a Directors' report under company law.

By the end of the year, the Multi Academy Trust was operating eleven academies with a combined pupil roll of 1,803 (2016: 900) within the area of the Diocese of Lincoln. Ten of these academies are primary schools and one is a secondary school. The academies are as follows:

Canon Peter Hall Church of England Primary School – Immingham, North East Lincolnshire
Ulceby St Nicholas Church of England Primary School – Ulceby, North Lincolnshire
The Magdalen Church of England/Methodist Primary School - Wainfleet, Lincolnshire
Weston St Mary Church of England Primary School – Weston, Lincolnshire
William Lovell Church of England Academy – Stickney, Lincolnshire
Morton Church of England Primary School – Morton, Lincolnshire
Brown's Church of England Primary School – Horbling, Lincolnshire
St Peter's Church of England Academy – Cleethorpes, North East Lincolnshire
Ruskington Chestnut Street Church of England Academy – Ruskington, Lincolnshire
Edenham Church of England Primary School – Edenham, Lincolnshire
Branston Infant Church of England Academy – Branston, Lincolnshire

Structure, governance and management

Constitution

The Multi Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Multi Academy Trust. The charitable company is known as the Lincoln Anglican Academy Trust.

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

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

Potential new trustees are identified by the Lincoln Anglican Academy Board, ensuring that the skills and expertise of new trustees are complementary to those existing on the Board. All Trustees are appointed by the Diocesan Board of Education, with the exception of one Methodist appointment. A Director is appointed by the Methodist Academies and Schools Trust in recognition of the Anglican/Methodist schools within the Trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction is tailored specifically to the individual Trustee and will depend upon their skills and experience. Where necessary and appropriate, the induction process will provide training on charity, education, legal and financial matters. All Trustees are encouraged to visit the academies and to meet with staff and students.

Trustees are provided with access to policies, procedures, minutes, accounts, budget plans and any other documents that they may need to undertake their role. All Trustees receive fortnightly electronic publications which provide updates and references for documents and publications that will keep them up to date with current education policy.

Organisational Structure

There is a clear management structure to control the way in which the Lincoln Anglican Academy Trust is run. The structure consists of four levels; the Members, the Directors, Senior Leadership Team and Hubs. The management philosophy of the Multi Academy Trust is to delegate responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting the overall strategic direction and objectives of the Lincoln Anglican Academy Trust and to monitor its progress towards these objectives. The Board meets at least four times a year. The Directors have appointed a Finance sub-committee which is responsible for reviewing all finance, risk and investment matters for the Multi Academy Trust. The Finance sub-committee meets at least four times a year.

The Senior Leadership Team is responsible for the day to day executive management of the organisation, implementing policies laid down by the directors and reporting back to them.

Academies have now been grouped into geographical hubs. Hubs are empowered to deliver programmes of improvement within their constituent academies, as well as having the opportunity to contribute to the strategic direction of the overall Trust.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The pay and performance policy is reviewed by the Board annually. The remuneration for key management personnel is determined based on job descriptions with each role being linked to fixed pay-scales. Personnel are able to progress within the relevant banding for their job role.

Connected Parties and other Related Charities or Organisations

The Lincoln Anglican Academy Trust works very closely with the Lincoln Diocesan Board of Education. The Lincoln Diocesan Board of Education is and will continue to be a significant connected party to the development of the Trust. Maintaining this link is a commitment made by both parties as the LAAT grows and develops. There is a sharing of staff and this is charged at cost.

Objects and Activities

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

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

The main objectives of the Trust, carried out under the vision statement, during the period ending 31st August 2017 are summarised below:

- Transform the chances of individual pupils
- Use the collective strength within the Trust and other schools in the Diocese of Lincoln
- Be fully inclusive to all
- To support and develop all staff to be the best that they can be
- Be sustainable through the expertise within the organisation, through partnership with our current good or better schools and external partners
- Bring strength, motivation and purpose through the belief that every child should be enabled to be all that God intended
- Be distinctive and unique in character relevant to the context

The Trust has a clear vision which centres around high quality education with Christian distinctiveness. Each academy has its own unique character, but is able to benefit from the collective strength of the Trust.

The Trust operates a robust quality assurance framework, ensuring that each academy receives the support needed. At the heart of this framework are visits from a School Effectiveness Advisor, which focus on standards, development plans, safeguarding and reviews of teaching and learning. In addition, each academy participates in formal academy reviews with a member of the Senior Leadership Team, along with half termly Head Teacher meetings and Hub meetings.

The introduction of new systems has enabled real time data to be available at pupil level, thus ensuring that rapid intervention can take place where necessary.

The Trust offers a range of training and development opportunities for its employees, ensuring that they are able to maximise their own potential, whilst continuing to serve their pupils to the best of their abilities. Working within the context of a larger organisation has enabled staff to contribute in a wider way and to develop their skills in mutually supported environments

As the Trust continues to grow, it is able to offer more opportunities to staff who wish to further their career in education. This not only benefits the individual, but has improved recruitment and retention rates and enabled the Trust to quickly deploy leadership resource where needs arise.

Through robust policies and protocols, the Trust is committed to being a balanced, supportive and fair employer. Something which is supported by the Trust's close working relationship with Trade Unions through our Joint Consultative Committee and by use of the Trade Union Recognition Agreement.

Public Benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Achievements and performance

The year ended 2017 was a year of substantial growth and the Trust now provides education for approximately 1800 pupils across 11 academies. It should be noted that the proportion of children receiving free school meals across the Trust is 36%, significantly above the national average of 25%. This factor highlights some of the particular challenges that are faced by the Trust's schools.

Published result for the Trust at KS2 in particular, generally represent an improvement year on year and those improvement gains are above those witnessed nationally. This was particularly noticeable in reading. Results for mathematics are still some way below the national average and as a result, a maths training programme has been rolled out to all of the Trust's schools.
The tables below set out the progress indicators for the Trust's primary academies against national benchmarks:

KS2/Yr 6	Trust 2017 %	Trust 2016 %	LAAT difference: 2016 to 2017	National 2017 %	National difference: 2016 to 2017	LAAT difference to National 2017
Reading – EXS+	70	56	+14	71	+5	-1
Reading – GDS	23	12	+11	25	+6	-2
Writing – EXS+	71	72	-1	76	+2	-5
Writing – GDS	13	18	-5	18	+3	-5
Maths – EXS+	65	64	+1	75	+5	-10
Maths – GDS	16	14	+2	23	+6	-7
GPS – EXS+	72	69	+3	77	+4	-5
GPS – GDS	22	16	+6	31	+8	-9

KS1/Yr 2	Trust 2017 %	Trust 2016 %	LAAT difference: 2016 to 2017	National 2017 %	National difference: 2016 to 2017	LAAT difference to National 2017
Reading – EXS+	71	72	-1	76	+2	-5
Reading – GDS	19	13	+6	25	+1	-6
Writing – EXS+	65	68	-3	68	+3	-3
Writing – GDS	9	9	0	16	+3	-7
Maths – EXS+	72	73	-1	75	+2	-3
Maths – GDS	13	11	+2	21	+3	-8

Yr 1 Phonics check	Trust 2017 %	Trust 2016 %	LAAT difference: 2016 to 2017	National 2017 %	National difference: 2016 to 2017	LAAT difference to National 2017
Met Standard	80	79	+1	81	-1	0

Note: Branston Infant Academy is excluded from the above results, as it joined the Trust in July 2017

The provisional results for GCSE's have been recently published. Changes to the GCSE qualification mean that the results look quite different to previous years. 2017 is a transitional year, with English and Mathematics being scored under the new system, which grades results from 9-1, rather than the A*-G under the old system. Other subjects continued to be graded under the old system. From 2018, all subjects will be scored under the new system. The table below sets out the provisional KS4 results for the William Lovell Academy for 2017:

	2017: Academy	2017: National	2016: Academy	2016: National
English & Maths GCSE 9-4 (2016: Grade C or better)	43%	63%	45%	59%
Progress 8 score	-0.6	-0.5	-0.54	-0.5
Attainment 8 score	36.2	44.2	40.6	48.5

The table below shows OFSTED results by school:

	Current OFSTED	**Previous OFSTED**
Ruskington Chestnut Street	Good - 2017	Good - 2013
Canon Peter Hall	Good - 2017	Good - 2011
The Magdalen School, Wainfleet	Good – 2017	Requires improvement - 2013
Weston St Mary	Inadequate - 2017	Inadequate - 2013
Ulceby St Nicholas	Inadequate - 2016	Inadequate - 2013
William Lovell	Good - 2013	Good - 2009
St Peter's Academy, Cleethorpes	Good – 2016	Good - 2010
Morton	Good – 2013	Satisfactory - 2011
Brown's, Horbling	Good - 2014	Good - 2009
Edenham	Good – 2011	Satisfactory – 2008
Branston Infant	Outstanding - 2008	n/a - 2003

Five schools have been inspected during this academic year, of which three were graded "good" and two as "inadequate". The two schools deemed to be "inadequate", namely Ulceby St Nicholas and Weston St Mary, have new leadership and comprehensive action plans in place. Ulceby St Nicholas has received a section 8 inspection visit in July 2017, which confirmed that the inspectorate are satisfied that effective action is being taken toward removal of special measures. Work is continuing with both academies to ensure that progress continues to accelerate.

Financial Performance Indicators

A summary of key performance indicators is set out below:

	Actual 16/17	**Target 16/17**
Staff costs % total income	75.8%	77.0%
Agency costs % staffing costs	3.4%	1.0%
Average class size	25	25
Average no of pupils per school	169	n/a

The average size of school reflects the rural diocesan community that the Trust serves. Therefore, indicators such as staff costs as a proportion of total income reflect the commitment shown by schools to ensuring strong budgetary control, in spite of the economic challenges that they face.

Going Concern

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

Financial review

Reserves Policy

The Trustees have reviewed the reserves of the Trust in conjunction with the guidance issued by the Charities Commission. A level of reserves is being built and will then be maintained to ensure that the LAAT has sufficient working capital requirements to take account of short term fluctuations in funding and expenditure and to support future growth plans. The level of reserves will be kept under review by the Trustees.

For the purposes of the reserves policy, the reserves balance excludes restricted fixed assets funds and liabilities arising from the Local Government Pension Schemes (LGPS). The current reserves figure is £1,255k, which is within the overall target range of between £1,162k and £2,036k. Each school should maintain reserves equal to between one and two months' worth of operating expenditure.

Investment Policy

All investments are made in accordance with the Trust's Finance Policy. Where the cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested following approval from the Finance Committee. The Board is responsible for the regular review of investments.

Risk Management

The Trustees have identified the key risks and uncertainties to which the LAAT is exposed and these are documented within the Trust's risk map. Risks are scored according to likelihood and probability; actions taken and mitigation are then documented against each risk.

The risk register is reviewed and updated each month by the Senior Leadership Team. It is then presented to the Trustees at Finance Committee and Board Meetings for further review and amendment as necessary.

In addition, a comprehensive risk table is maintained for each academy and reviewed at least three times a year, or as circumstances change.

The system of internal controls is also subject to regular independent review by internal and external audits, the outcomes for which are reported to the Trustees.

Principal Risks and Uncertainties

The Trustees are responsible for identifying the major strategic risks faced by the Trust and for establishing systems and controls to mitigate them. The principal risks identified in the risk map are as follows:

Financial Risk – The Trust will need to expand further to ensure that it is sustainable in the long term. It is therefore reliant firstly on new schools choosing to join the organisation and secondly, that approval is granted by the Regional Schools Commissioner.

Governance and Management Risk – As with all Multi-Academy Trusts, the Lincoln Anglican Academy Trust faces significant challenges in ensuring that those in leadership/oversight positions have the necessary skills and expertise to carry out their roles. In response, the Trust has adopted robust recruitment and selection processes and puts a clear emphasis on their ongoing professional development.

Legal and Compliance Risk – The organisation is subject to numerous legislative requirements, for which comprehensive policies and procedures are in place. School standards are monitored and reported to the Board on a regular basis and action plans implemented for those schools that are not performing in line with required standards.

Operational risk – There are risks associated with falling pupil rolls and the Trust continues to work with the Local Authority to understand projected admission numbers. William Lovell in particular has seen pupil numbers decline in recent years and the central team continues to work with the school to ensure that it is able to meet future financial challenges. The recently announced Fairer Funding formula will have a positive impact on the Trust overall.

Liquidity risk - The Trust's exposure to institutional credit risk is managed through internal restrictions on how funds can be invested. Exposure to price and credit risk is low, as much of the Trust's income is derived from the Education and Skills Funding Agency and Local Authorities. There are substantial deficits within the Local Government Pension Schemes, as described in note 28 to the financial statements. The deficit is subject to periodic actuarial review and regular monitoring by the Trustees.

Cash flow risk - Cash levels are monitored and reported daily and long-term forecasts updated on a monthly basis. Levels of cash held are sufficient to cope with short term cash shortfalls, for example such as those arising from new academies joining the Trust.

Principal Funding

Much of the LAAT's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grant received from the Department for Education during the year ending 31st August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Plans for future periods

The Trustees believe that further growth of the Lincoln Anglican Academy Trust will both raise educational standards and preserve church school education within the Diocese of Lincoln. To this purpose, the Trustees have developed a comprehensive model of growth which allows for significant numbers of schools to join the Trust and be grouped into Regional Hubs. By increasing the number of high performing schools in the Trust, the capacity will be increased to enable the Trust to sponsor more schools in need of support.

Next year, we anticipate a further four schools joining the organisation, giving an approximate combined annual turnover of around £14m. The Trust is already working closely with these schools to ensure that they are assimilated as smoothly as possible.

The Trust is also planning to develop an on-site nursery facility at Morton Church of England Primary school, the majority of which will be funded through a grant from the Education and Skills Funding Agency.

Disclosure of information to auditor

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

- so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that the Trustees have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the board of trustees as the company directors, on 12 December 2017 and signed on its behalf by:

Professor John Visser
Chair of Trustees
12 December 2017

Lincoln Anglican Academy Trust

Governance Statement
For the 12 months ended 31 August 2017

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring that 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 Lincoln Anglican Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Professor John Visser (Chair)	5	5
Gregory Marsden (Vice Chair)	5	5
Reverend Canon Andrew Dodd	3	5
Daryl Summers	2	5
Gillian Wright	4	5
Joanne Kerry	4	5
Trevor Hughes	1	5
Jeremy Woolner	4	5
Oliver Tasker	4	5
Barrie Shipley	4	4
Reverend Canon Keith Williamson (appointed 4 October 2016)	3	4
Dr Michael Smalley (appointed 18 November 2016)	3	3
Richard Wilson (appointed 4 May 2017)	0	1
Jacqueline Waters-Dewhurst, Chief Executive	5	5

The Finance Committee is a sub-Committee of the Board of Trustees. Its purpose is to review and make recommendations about all aspects of the Lincoln Anglican Academy Trust's financial affairs. The Deputy Chief Executive and Finance Director attend by invitation. During the year, Dr Michael Smalley, an experienced business leader and Richard Wilson, a qualified accountant, joined the Finance Committee.

Matters determined by the Finance Committee during the year included recommending the approval of the annual budget for 2017/18, the centralisation of banking services and the approval for new schools joining the LAAT.

Attendance at Finance Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Gregory Marsden (Finance Committee Chair)	6	6
Gillian Wright (Finance Committee Vice Chair)	6	6
Trevor Hughes	6	6
Jeremy Woolner	5	6
Barrie Shipley	3	5
Dr Michael Smalley (appointed 18 November 2016)	1	1
Jacqueline Waters-Dewhurst, Chief Executive	5	6

The Purpose of the System of Financial Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Multi Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Lincoln Anglican Academy Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi Academy Trust's significant risks, that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Lincoln Anglican 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 Finance Committee of reports which highlight financial performance against forecasts, major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has determined that there is a need for a specific internal audit function. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Lincoln Anglican Academy Trust

Governance Statement
For the 12 months ended 31 August 2017

Review of Effectiveness

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

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

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

Review of Value for Money

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

The Accounting Officer considers how the Lincoln Anglican Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

Closing individual school bank accounts and managing cash centrally. This has brought about substantial time savings in managing payments and administration of accounts, but has also made cash flow forecasting more efficient and given the Trust the ability to generate a greater investment return.

Introducing a new computerised pupil tracking system, allowing the Trust to access real time data and reducing the need to make repeated data requests to schools.

Renegotiating the central IT contract and moving the Trust's central infrastructure to Office 365, as well as undertaking a number of improvements to the security of the organisation's infrastructure.

Retendering a number of services including legal advice, payroll provision and health and safety expertise.

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on their behalf, by:

Professor John Visser
Chair of Trustees

Jacqueline Waters-Dewhurst
Accounting Officer

Lincoln Anglican Academy Trust

Statement on Regularity, Propriety and Compliance
For the 12 months ended 31 August 2017

As Accounting Officer of the Lincoln Anglican Academy Trust, I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Multi Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Multi Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Multi Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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 the ESFA.

Jacqueline Waters-Dewhurst
Accounting Officer

12 December 2017

Statement of Trustees' Responsibilities
For the year ended 31 August 2017

The Trustees, (who act as governors of Lincoln Anglican Academy Trust and are also the directors of the charitable company for the purposes of company law), are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 (FRS 102) and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on its behalf by:

Professor John Visser
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Members of Lincoln Anglican Academy Trust

We have audited the financial statements of Lincoln Anglican Academy Trust for the Year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Charities SORP 2015.

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 2017 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

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

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

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

Other information

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

Independent Auditor's Report on the Financial Statements to the Members of Lincoln Anglican Academy Trust

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report on the Financial Statements to the Members of Lincoln Anglican Academy Trust

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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

David Hoose

David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date: **12 December 2017**

Independent Reporting Auditor's Assurance Report on Regularity to Lincoln Anglican Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Anglican Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Lincoln Anglican Academy Trust's Accounting Office and Reporting Auditor

The Accounting Officer is responsible, under the requirements of Lincoln Anglican Academy Trust's funding agreement with the Secretary of State for Education dated 24 December 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Lincoln Anglican Academy Trust

Independent Reporting Auditor's Assurance Report on Regularity to Lincoln Anglican Academy Trust and the Education and Skills Funding Agency

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.

Mazars LLP

David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: **12 December 2017**

Lincoln Anglican Academy Trust

Statement of Financial Activities
for the year ended 31 August 2017
(including Income and Expenditure Account)

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	**Total 2017**	Restated Total 2016
Income and endowments from:		£000	£000	£000	**£000**	£000
Donations and capital grants	2	22	11	68	**101**	56
Charitable expenditure - transfer from local authority on conversion	2	242	(1,509)	350	**(917)**	-
Charitable expenditure - transfer from existing academy	2	29	(625)	231	**(365)**	-
Charitable activities:						
Funding for the Multi Academy Trust's educational operations	3	-	9,595	-	**9,595**	5,846
Other trading activities	4	385	2	-	**387**	167
Investments	5	1	-	-	**1**	1
Total		679	7,474	649	8,802	6,070
Expenditure on:						
Raising funds	6	264	-	-	**264**	-
Charitable activities:						
Multi Academy Trust's educational operations	6,7	13	10,247	176	**10,436**	6,586
Total		277	10,247	176	**10,700**	6,586
Net income / (expenditure)		402	(2,773)	473	**(1,898)**	(516)
Transfers between funds	19	(14)	(107)	121	**-**	-
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	19,28	-	1,105	-	**1,105**	(879)
Net movement in funds		388	(1,775)	594	**(793)**	(1,395)
Reconciliation of funds						
Total funds brought forward		470	(2,552)	11,263	**9,181**	1,126
Prior year adjustment	18			(9,450)	**(9,450)**	
Total funds carried forward		858	(4,327)	2,407	**(1,062)**	(269)

All income is derived from continuing operations.
The notes on pages 26 to 50 form an integral part of these financial statements.

Lincoln Anglican Academy Trust

Balance Sheet
as at 31 August 2017

Company number 08737412

	Notes	2017 £000	2017 £000	Restated 2016 £000	Restated 2016 £000
Fixed assets					
Intangible assets	12		**58**		30
Tangible assets	13		**2,376**		1,819
Current assets					
Stock	14	**4**		2	
Debtors	15	**588**		225	
Cash at bank and in hand	26	**1,731**		1,058	
		2,323		1,285	
Liabilities					
Creditors: Amounts falling due within one year	16	**(1,062)**		(504)	
Net current assets			**1,261**		781
Total assets less current liabilities			**3,695**		2,630
Creditors: Amounts falling due after more than one year	17		**(33)**		(35)
Net assets excluding pension liability			**3,662**		2,595
Defined benefit pension scheme liability	28		**(4,724)**		(2,864)
Total assets			**(1,062)**		(269)
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	19	**2,407**		1,813	
. Restricted income fund	19	**397**		312	
. Pension reserve	19	**(4,724)**		(2,864)	
Total restricted funds			**(1,920)**		(739)
Unrestricted income funds	19		**858**		470
Total funds			**(1,062)**		(269)

The notes on pages 26 to 50 form an integral part of these financial statements.

The financial statements were approved by the trustees, and authorised for issue on 12 December 2017 and are signed on their behalf by:

Professor John Visser
Chair of the Trustees

Statement of Cash Flows
for the year ended 31 August 2017

	Notes	2017	Restated 2016
		£000	£000
Cash flows from operating activities			
Net cash provided by operating activities	23	119	131
Cash flows from investing activities	25	(75)	(163)
Cash flows from financing activities	24	-	-
Cash transferred on conversion to an academy trust		629	-
Change in cash and cash equivalents in the reporting period		**673**	(32)
Cash and cash equivalents at 1 September 2016		1,058	1,090
Cash and cash equivalents at the 31 August 2017	26	**1,731**	1,058

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Multi 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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Lincoln Anglican Academy Trust meets the definition of a public benefit entity under FRS 102.

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 Multi Academy 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 Multi Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Multi 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. During the year and following revised guidance from the Church of England , a decision was taken to remove church owned buildings occupied under licence from the balance sheet. Further information is included in note 18. As a result, the balance sheet for the Lincoln Anglican Academy Trust shows net liabilities. This is as a result of deficits in the Local Government Pension Schemes of which the Trust's non-teaching staff are members. 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. As a result, it is the opinion of the Board of Trustees that assumptions around the ability of the Trust to continue in business remain valid.

Income

All incoming resources are recognised when the Multi Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**
  Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions, there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

  General Annual Grant is recognised in full in the Statement of Financial Activities 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of the capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship Income**
  Sponsorship income provided to the Multi Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions) and where the receipt is probable and it can be measured reliably.

- **Donations**
  Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- **Other Income**
  Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent to which the Multi Academy Trust has provided the goods or services.
- **Donated goods, facilities, services and fixed assets**
  Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.
  Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.
- **Transfer on conversion**
  Where assets are received by the Multi Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Multi Academy Trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.
- **Transfer of existing academies into the Multi Academy Trust**
  Where assets are received on the transfer of an existing academy into the Multi Acadmy Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Multi Academy Trust, which is on signing the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the Multi Academy Trust within Donations and capital grant income.

Expenditure on Charitable Activities

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

- **Expenditure on Raising Funds**
  This includes all expenditure incurred by the Multi Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable Activities**
  These are costs incurred on the Multi Academy Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its useful expected life, as follows:

- Purchased computer software **33% Straight line**

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a **straight-line** basis over its expected useful life, as follows:

- Long leasehold land **over the term of the lease**
- Furniture and equipment **25%**
- Computer equipment **33%**
- Property Improvement **10%**

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Land and Buildings

Land and buildings held by the Diocesan Trust & Board of Finance Limited on trust and made available to the academies are not included on the balance sheet. The Multi Academy Trust does not own any of these premises. The land and buildings are made available to the schools by a Church Supplemental Agreement. The site trustees can withdraw the land and buildings at any time on two years notice. The Multi Academy Trust cannot sell the land and buildings or mortgage it as security for any borrowing. The economic benefit to the Multi Academy Trust is that it does have the use of the site for £NIL consideration, but only for the use as a church school. The risks and rewards of ownership have not been passed to the Multi Academy Trust and therefore no value has been attributed to the land and buildings at 31 August 2017.

Land leased to the academies by the Local Authority is included under 'long leasehold property' at the value attributed to them by the Education Funding Agency, net of depreciation.

Liabilities

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. Liabilties are recognised at the amount that the Multi Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions
Provisions are recognised when the Multi Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets
Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liabilty, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stock
Unsold uniforms are valued at the lower of cost or net realisable value.

Taxation
The Multi Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Multi Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Mulit 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 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Multi 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 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.

Fund Accounting

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

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

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

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 Multi 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 Schemes' 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 29, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a **straight-line** basis over its expected useful life, as follows:

• Long leasehold land	**over the term of the lease**
• Furniture and equipment	**25%**
• Computer equipment	**33%**
• Property Improvement	**10%**

The land donated on conversion is included at a provisional valuation based on an assessment of the location and size of the property as desktop valuations were not available at the date of approval of the financial statements. These provisional valuations will be updated as necessary in the 2018 financial statements.

2 Donations and Capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital Grants	-	68	**68**	33
Donated fixed assets - on conversion	242	(1,159)	**(917)**	-
Donated fixed assets - on transfer of existing academy	29	(394)	**(365)**	-
Donations	22	11	**33**	23
	293	(1,474)	**(1,181)**	56

The income from donations and capital grants was expenditure of £1,170,000 (2016: £56,000 income) of which income of £304,0000 was unrestricted (2016: £19,000), expenditure of £2,123,000 restricted (2016: £4,000 income) and income of £649,000 restricted fixed assets (2016: £33,000 income).

3 Funding for the Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	7,883	**7,883**	5,003
. Start Up Grants	-	79	**79**	114
. Other DfE/EFA grants	-	1,044	**1,044**	557
	-	9,006	9,006	5,674
Other Government grants				
. Local authority grants	-	589	**589**	172
	-	589	**589**	172
	-	9,595	**9,595**	5,846

The funding for the Trust's educational operations was £9,594,000 (2016: £5,846,000) of which £NIL was unrestricted (2016: £NIL), £9,594,000 restricted (2016: £5,846,000) and £NIL restricted fixed assets (2016: £NIL).

4 Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	22	-	**22**	5
Sale of goods	26	-	**26**	3
Staff insurance income	59	-	**59**	23
Catering income	109	-	**109**	77
Trip income	46	-	**46**	44
Other incoming resources	123	2	**125**	15
	385	2	**387**	167

The income from other trading activities was £387,000 (2016: £167,000) of which £385,000 was unrestricted (2016: £143,000), £2,000 restricted (2016: £24,000) and £NIL restricted fixed assets (2016: £NIL).

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Bank interest receivable	1	-	1	1
	1	-	1	1

The income from investment income was £1,000 (2016: £1,000) of which £1,000 was unrestricted (2016: £1,000), £NIL restricted (2016: £NIL) and £NIL restricted fixed assets (2016: £NIL).

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2017	2016
	£000	£000	£000	£000	£000
Expenditure on raising funds	98	-	166	264	-
Multi Academy Trust's educational operations:					
. Direct costs	6,632	141	805	7,578	4,592
. Allocated support costs	1,446	578	834	2,858	1,994
	8,176	719	1,805	10,700	6,586

In 2016, of the total direct expenditure of £4,592,000, £3,821,000 related to staff costs, £271,000 related to premises costs and £500,000 related to other expenditure.

In 2016, of the total support costs of £1,994,000, £866,000 related to staff costs, £284,000 related to premises costs and £844,000 related to other expenditure.

Net income/(expenditure) for the period includes:

	2017	2016
	£000	£000
Operating lease rentals	23	19
Depreciation	112	265
Amortisation of intangible fixed assets (included within Charitable Activities – Multi Academy Trust's educational operations)	28	6
Fees payable to External Auditor for:		
- Audit of financial statements	20	18
- Other services	5	2
Fees payable to Internal Auditor for:		
- Internal audit fees	5	7

7 Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs - educational operations	**7,578**	4,592
Support costs - educational operations	**2,858**	1,994
	10,436	6,586

Analysis of support costs	**Educational operations £000**	**Total 2017 £000**	**Total 2016 £000**
Support staff costs	1,446	**1,446**	866
Technology costs	13	**13**	19
Premises costs	578	**578**	284
Other support costs	728	**728**	761
Governance costs	93	**93**	64
Total support costs	2,858	**2,858**	1,994

In 2016, all of the total support costs of £1,994,000 related to Educational operations.

8 Staff Costs

a. Staff costs during the period were as follows:

	Total 2017 £000	Total 2016 £000
Wages and salaries	**5,951**	3,529
Social security costs	**492**	258
Operating costs of defined benefit pension schemes	**1,332**	664
Apprenticeship levy	**6**	-
	7,781	4,451
Supply staff costs	**271**	118
Staff restructuring costs	**124**	118
	8,176	4,687
Staff restructuring costs comprise:		
Redundancy payments	**14**	54
Severance payments	**110**	64
	124	118

b Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual serverance payments totalling £110,000 (2016: £64,000). Individually, the payments were £3,000, £4,500, £13,117, £13,780, £28,633 and £47,000.

c **Staff numbers**

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

	2017	2016
	No.	No.
Teachers	96	54
Administration and support	230	135
Management	11	6
	337	195

d **Higher paid staff**

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

	2017	2016
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£90,001 - £100,000	1	-

e **Key management personnel**

The key management personnel of the Multi Academy Trust comprises the Trustees and the Senior Leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Multi Academy Trust was £164,000 (2016: £388,000). In 2016, the head teacher of each academy was included within key management personnel.

9 Related Party Transactions - Trustees' Remuneration and Expenses

No Trustees have been paid remuneration from their employment with the Multi Academy Trust in the year ended August 2017 (2016: £NIL).

During the year ended 31 August 2017, travel and subsistence expenses totalling £2,800 were reimbursed or paid directly to 5 trustees (2016: £1,800 to 3 trustees).

10 Trustees' and Officers' Insurance

The Multi 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 academy 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.

11 Central Services

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

- Strategic management
- Financial management and compliance
- Payroll and pension services
- Strategic and operational HR support
- School improvement monitoring and Quality Assurance
- Banking services
- Provision and support of financial software
- Procurement services
- Health and Safety advice
- Governance support

During the year schools were charged a management fee ranging from 4% to 5% of GAG income.

The actual amounts charged during the year were as follows:

	2017	2016
	£000	£000
Canon Peter Hall Church of England Primary School	48	50
Ulceby St Nicholas Church of England Primary School	23	25
Magdalen Church of England and Methodist Primary School	43	41
Weston St. Mary's Church of England Primary School	15	14
William Lovell Church of England Academy	103	119
Brown's Church of England Primary School	16	-
Morton Church of England Primary School	24	-
St Peter's Church of England Primary Academy	36	-
Ruskington Chestnut Church of England Primary Academy	34	-
Edenham Church of England Primary School	16	-
Branston Church of England Infant Academy	3	-
	361	249

12 Intangible Fixed Assets

	Computer Software	Total
Cost	£000	**£000**
At 1 September 2016	42	**42**
Additions	56	**56**
At 31 August 2017	98	**98**
Amortisation		
At 1 September 2016	12	**12**
Charged in year	28	**28**
At 31 August 2017	40	**40**
Carrying amount		
At 31 August 2016	30	**30**
At 31 August 2017	**58**	**58**

13 Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Property Improvements	Furniture and Equipment	Computer Hardware	Total
	£000	£000	£000	£000	£000	**£000**
Cost						
At 1 September 2016 (as previously stated)	11,448	-	5	242	93	11,788
Prior year adjustment	(11,307)	1,263	218	-	-	(9,826)
At 1 September 2016 (as restated)						-
Additions	3	-	42	23	20	88
Assets donated on transfer of existing academy	229	-	-	-	2	231
Assets donated on conversion	-	350	-	-	-	350
At 31 August 2017	373	1,613	265	265	113	**2,631**
Depreciation						
At 1 September 2016 (as previously stated)	416	-	-	55	48	519
Prior year adjustment	(416)	17	23	-	-	(376)
Charged in year	-	12	22	50	28	112
At 31 August 2017	-	29	45	105	76	**255**
Net book values						
At 31 August 2016 (as restated)	141	1,246	200	187	45	**1,819**
At 31 August 2017	**373**	**1,584**	**220**	**160**	**37**	**2,376**

Included in freehold land and buildings is land at valuation of £373,000 (2016 - £141,000) which is not depreciated.

Land and buildings that are held by the Diocesan Trust & Board of Finance Limited on trust and made available to the academies are not included in the land and buildings figure above. This treatment reflects the terms as set out in the Church Supplemental Agreement that is in place for these sites which specifies that the site trustees can withdraw the land and buildings at any time on two years notice.

The land donated on conversion is included at a provisional valuation based on an assessment of the location and size of the property as desktop valuations were not available at the date of approval of the financial statements. These provisional valuations will be updated as necessary in the 2018 financial statements.

Land leased to the academies by the Local Authority is included under 'Leasehold land and buildings' at the value attributed to them by the Education Funding Agency, net of depreciation.

14 Stock

	2017	2016
	£000	£000
Clothing	4	2

15 Debtors

	2017	2016
	£000	£000
Trade debtors	45	4
VAT recoverable	56	39
Prepayments and accrued income	487	182
	588	225

16 Creditors: Amounts Falling due within one year

	2017	2016
	£000	£000
Trade creditors	322	92
Other taxation and social security	120	74
Other creditors	120	54
Accruals and deferred income	495	279
Other loans	5	5
	1,062	504

Deferred income	2017	2016
	£000	£000
Deferred income at 1 September 2016	61	90
Released from previous years	(61)	(90)
Resources deferred in the year	249	61
Deferred Income at 31 August 2017	249	61

Deferred income held at 31 August 2017, relates to the following:

Conversion grant	£32,000
Governance grant	£47,000
Universal Infant Free School Meals funding relating to 2017/18	£97,000
Rates reimburserments relating to 2017/18	£21,000
SEN funding relating to 2017/18	£13,000
DFC income relating to 2017/18	£36,000
Income received in advance of trips	£2,000
Balance on CIF grant yet to be spent	£1,000

Included within other creditors is a loan of £5,000 from Salix which is provided interest free.

17 Creditors: Amounts Falling due in greater than one year

	2017	2016
	£000	£000
Other creditors	33	35
	33	35

Included within other creditors is a loan of £33,000 (2016 - £35,000) from Salix which is provided on an interest free basis over a period of eight years. The loan is being repaid through biannual instalments of £2,520.

18 Prior year adjustment

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

The land and buildings owned by the church and made available to the Multi Academy Trust by a Church Supplemental Agreement have been removed from the balance sheet for all academies. The site trustees can withdraw the land and buildings at any time on two years notice. The Multi Academy Trust cannot sell the land and buildings or mortgage it as security for any borrowing. The economic benefit to the Multi Academy Trust is that it does have the use of the site for £NIL consideration, but only for the use as a church school. The risks and rewards of ownership have not been passed to the Multi Academy Trust.

Any improvements to church buildings have been reclassified as property improvements rather than land and buildings.

The land occupied on 125 year leases from Lincolnshire County Council, North Lincolnshire Council and North East Lincolnshire Council is now being amortised over the life of the lease

The net affect of these prior year adjustments is a reduction in the opening restricted fixed asset reserves of £9,450,000 and a reduction in the opening fixed asset net book value of the same amount. The opening fixed asset reserves for the period of 31 August 2016 have been restated. A table of the effect on the balance sheet is summarised below:

	Land and Buildings	Leasehold land and buildings	Property Improvements	Restricted Fixed Asset Funds
	£000	£000	£000	£000
Net book value at 31 August 2016	11,033	-	5	11,263
Prior year adjustment	(10,891)	1,246	195	(9,450)
Restated net book value at 31 August 2016	142	1,246	200	1,813

19 Funds

	Balance as previously stated 2016	Prior year adjustment	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000	£000	£000
Restricted general funds							
General Annual Grant (GAG)	235	-	235	8,219	(8,298)	(149)	**7**
Start Up Grant	-	-	-	79	(75)	(4)	**-**
Pupil Premium	77	-	77	807	(673)	-	**211**
Other DfE/EFA grants	-	-	-	248	(247)	27	**28**
Other grants	-	-	-	679	(547)	19	**151**
Pension reserve	(2,864)	-	(2,864)	(2,558)	(407)	1,105	**(4,724)**
	(2,552)	-	(2,552)	7,474	(10,247)	998	**(4,327)**
Restricted fixed asset funds							
Transfer on conversion	10,877	(9,432)	1,445	581	(35)	-	**1,991**
DfE/EFA capital grants	4	-	4	68	(35)	(25)	**12**
Purchased fixed assets	422	(18)	404	-	(106)	144	**442**
Salix loan	(40)	-	(40)	-	-	2	**(38)**
	11,263	(9,450)	1,813	649	(176)	121	**2,407**
Total restricted funds	**8,711**	**(9,450)**	**(739)**	**8,123**	**(10,423)**	**1,119**	**(1,920)**
Total unrestricted funds	470	-	470	679	(277)	(14)	**858**
Total funds	**9,181**	**(9,450)**	**(269)**	**8,802**	**(10,700)**	**1,105**	**(1,062)**

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

Restricted general funds

General Annual Grant (GAG) must be used for the normal running of the Academy. There is no restriction on the amount of GAG that can be carried forward to future years.

Start up grant must be used for the costs that are incurred in the conversion of a maintained school to an academy.

Pupil Premium must be used to support their disadvantaged pupils and close the gap between them and their peers.

Other DfE/EFA grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment.

Other grants comprise of funding provided from the local authority as well as from other sources for use for specific purposes. This includes funding provided for pupils with Statements of Special Educational Needs and is used by the academies to assist with the pupils education.

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

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

Unrestricted funds represent those resources which may be used towards meeting any of the objects of the Trust at the discretion of the Trustees. These are not currently designated for particular purposes.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:	**Total 2017 £000**	Total 2016 £000
Canon Peter Hall Church of England Primary School	**213**	162
Ulceby St Nicholas Church of England Primary School	**(23)**	38
Magdalen Church of England and Methodist Primary School	**85**	38
Weston St. Mary's Church of England Primary School	**51**	64
William Lovell Church of England Academy	**408**	420
Ruskington Chestnut Street Church of England Academy	**415**	-
Brown's Church of England Primary School	**71**	-
Morton Church of England Primary School	**107**	-
St Peter's Church of England Primary Academy	**21**	-
Edenham Church of England Primary School	**64**	-
Branston Church of England Infant Academy	**26**	-
Central services	**(183)**	60
Total before fixed assets and pension reserve	**1,255**	782
Restricted fixed asset fund	**2,407**	1,813
Pension reserve	**(4,724)**	(2,864)
Total	**(1,062)**	(269)

Ulceby St Nicholas Church of England Primary School is carrying a net deficit of £23,000 on these funds due to a number of unexpected circumstances faced by the school this year, including the costs of staff resctructuring. These non-recurrent restructuring costs were necessary to reduce staffing costs and therefore protect the longer term viability of the academy. The academy has produced a surplus budget for 2017/18 and plans to return to a net surplus position by the end of 2019/20.

The central services reserves are also in deficit. The Trustees have prepared a carefully considered and costed growth plan that will correct this situation.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	**Other Support Staff Costs £000**	**Educational Supplies £000**	**Other Costs (excluding Depreciation) £000**	**Total 2017 £000**	2016 £000
Canon Peter Hall CofE Primary School	802	181	97	175	**1,255**	1,167
Ulceby St Nicholas CofE Primary School	376	44	73	86	**579**	517
Magdalen CofE & Methodist Primary School	719	151	72	122	**1,064**	1,105
Weston St. Mary's CofE Primary School	215	46	47	72	**380**	362
William Lovell CofE Academy	1,601	266	159	273	**2,299**	2,595
Ruskington Chestnut Street CofE Academy	957	92	92	182	**1,323**	-
Brown's CofE Primary School	324	31	58	73	**486**	-
Morton CofE Primary School	559	63	42	104	**768**	-
St Peter's CofE Primary Academy	746	143	68	149	**1,106**	
Edenham CofE Primary School	356	33	28	71	**488**	-
Branston CofE Infant Academy	54	9	3	11	**77**	-
Central services	-	403	28	303	**734**	559
Multi Academy Trust	**3,713**	**1,091**	**476**	**1,031**	**10,559**	6,305

20 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds 2017 £000	Restricted General Funds 2017 £000	Restricted Fixed Asset Funds 2017 £000	Total Funds 2017 £000	Total Funds 2016 £000
Intangible fixed assets	-	-	58	**58**	**30**
Tangible fixed assets	-	-	2,376	**2,376**	**1,819**
Current assets	858	1,454	11	**2,323**	**1,285**
Current liabilities	-	(1,057)	(5)	**(1,062)**	**(504)**
Non-current liabilities	-	-	(33)	**(33)**	**(35)**
Pension scheme liability	-	(4,724)	-	**(4,724)**	**(2,864)**
Total net assets	858	(4,327)	2,407	**(1,062)**	**(269)**

21 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	**95**	-

22 Commitments under operating leases

Operating Leases

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	**30**	19
Amounts due between one and five years	**38**	25
Amounts due after five years	**10**	-
	78	44

23 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities

	2017	2016
	£000	£000
Net expenditure for the reporting period (as per the statement of financial activities)	(1,898)	(516)
Adjusted for:		
Carry forward and other school funds transfer on Conversion	(706)	-
Amortisation (note 12)	28	6
Depreciation charges (note 13)	112	265
Fixed asset donation	(581)	-
Capital grants from DfE and other capital income	(68)	(33)
Interest receivable (note 5)	(1)	(1)
Defined benefit pension scheme obligation inherited	2,558	-
Defined benefit pension scheme finance cost (note 28)	407	137
Increase in stocks	(2)	(2)
(Increase)/decrease in debtors	(199)	258
Increase in creditors	469	17
Net cash provided by Operating Activities	119	131

24 Cash Flows from Financing Activities

	2017	2016
	£000	£000
Cash inflows from new borrowing	-	-
Net cash provided by financing activities	-	-

25 Cash Flows from Investing Activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	1	1
Purchase of intangible fixed assets	(56)	(25)
Purchase of tangible fixed assets	(88)	(172)
Capital grants from DfE/EFA	68	33
Net cash (used in) investing activities	(75)	(163)

26 Analysis of Cash and Cash Equivalents

	At 31 August 2017	At 31 August 2016
	£000	£000
Cash in hand and at bank	1,731	1,059
Total cash and cash equivalents	1,731	1,059

27 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 **£1** for the debts and liabilities contracted before he/she ceases to be a member.

28 Pension and Similar Obligations

The Multi Academy Trust's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales for the academic and related staff; and the Local Government Pension Schemes (LGPS) for non teaching staff, which is managed by either Lincolnshire County Council or East Riding Council. These schemes are multi-employer defined benefit pension schemes.

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

Contributions amounting to £116,000 were payable to the schemes at 31 August 2017 (2016: £50,000) 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

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

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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £551,000 (2016; £330,000).

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

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

28 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The Lincolnshire and East Riding Local Government Pension Schemes are funded defined benefit pension schemes, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2017 were £668,000 (2016: £333,000), of which employer's contributions totalled £543,000 (2016: £265,000) and employees' contributions totalled £125,000 (2016: £68,000). The agreed contribution rates for future years vary per academy but range from 15.7% to 21.7%. In addition to this, many of the academies have also been levied with secondary pension contributions which again vary by academy. These secondary pension contributions have been set for the next three fiscal years. The future rates for employees varies between 5.5% to 12.5%.

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	**At 31 August 2017**	At 31 August 2016
Rate of increase in salaries	**2.75%**	3.15%
Rate of increase for pensions in payment/inflation	**2.40%**	2.08%
Discount rate for scheme liabilities	**2.49%**	2.07%
Inflation assumption (CPI)	**2.60%**	2.08%
Commutation of pensions to lump sums	**64.0%**	45.0%

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males	**22**	22.1
Females	**24.4**	24.3
Retiring in 20 years		
Males	**24**	24.4
Females	**26.6**	26.8

Sensitivity analysis	**At 31 August 2017**	At 31 August 2016
	£000	£000
Discount rate +0.1%	**218**	125
Discount rate -0.1%	**(218)**	(125)
Mortality assumption - 1 year increase	**(334)**	(145)
Mortality assumption - 1 year decrease	**334**	145
CPI rate +0.1%	**39**	75
CPI rate -0.1%	**(39)**	(75)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	**2,790**	1,517
Debt instruments	**444**	249
Property	**342**	202
Cash	**64**	13
Total market value of assets	**3,640**	1,981

The actual return on scheme assets was a loss of £212,000 (2016: £114,000 gain).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	**(840)**	(323)
Net interest cost	**(110)**	(69)
Benefit changes, loss on curtailment and loss on settlement	**-**	(10)
Total operating charge	**(950)**	(402)

Changes in the fair value of defined benefit obligations were as follows:

	2017 £'000	2016 £'000
At 1 September 2016	**4,845**	3,210
Conversion of academies	**1,895**	-
Transferred in on existing academy joining the Trust	**1,691**	-
Current service cost	**840**	323
Interest cost	**177**	126
Employee contributions	**125**	68
Actuarial (gain)/loss	**(1,140)**	1,119
Benefits paid	**(69)**	(11)
Plan introductions, benefit changes, curtailments and settlements	**-**	10
At 31 August 2017	**8,364**	4,845

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

	2017 £'000	2016 £'000
At 1 September 2016	**1,981**	1,362
Conversion of academies	**386**	-
Transferred in on existing academy joining the Trust	**642**	-
Interest income	**67**	57
Return on plan assets (excluding net interest on the net defined pension liability)	**(35)**	240
Actuarial gain/(loss)		
Employer contributions	**543**	265
Employee contributions	**125**	68
Benefits paid	**(69)**	(11)
At 31 August 2017	**3,640**	1,981

29 Related Party Transactions

Owing to the nature of the Multi Academy Trust 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 finance policy. The following related party transactions took place in the period of account:

Lincoln Diocesan Board of Education – an organisation with which the Trust shares some Trustees and staff:

- Lincoln Diocesan Board of Education charged the Lincoln Anglican Academy Trust a total of £17,000 (2016: £23,000) for various services provided to it during the period. There was no balance outstanding at 31 August 2017 (2016: £10,000).
- Lincoln Diocesan Board of Education charged the Lincoln Anglican Academy Trust a total of £72,000 (2016: £50,000) for the provision of staff shared with the Multi Academy Trust during the period. There was a balance of £114,000 (2016: £50,000) outstanding at 31 August 2017.

Lincoln Diocesan Board of Finance – an organisation with which the Trust shares some Trustees and staff:

- Lincoln Diocesan Board of Finance charged the Lincoln Anglican Academy Trust a total of £12,000 (2016: £12,000) for the use of the offices made available to the Trust during the period. There was no balance outstanding at 31 August 2017 (2016: £NIL)
- Lincoln Diocesan Board of Finance charged the Lincoln Anglican Academy Trust a total of £8,000 (2016: £NIL) for the provision of staff shared with the Multi Academy Trust during the period. There was a balance of £8,000 (2016: £NIL) outstanding at 31 August 2017.

Wilkin Chapman - an organisation with which Mr Tasker (a trustee of the Trust) is employed:

- Wilkin Chapman charged the Lincoln Anglican Academy Trust a total of £9,000 (2016: £NIL) for the provision of HR legal support services to the Trust during the period. There was no balance outstanding at 31 August 2017 (2016: £NIL).
  The Trust made the purchase of these services at arm's length following a tendering exercise in accordance with its financial regulations, which Mr Tasker neither participated in, nor influenced.
  In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2016.

30 Conversion to an Academy Trust

On 1st of September 2016 the Brown's Church of England Primary School converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to the Lincoln Anglican Academy Trust Ltd from the Lincolnshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activites as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilites transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	-	-
Leasehold land and buildings	-	-	100	100
Budget surplus on LA funds	19	-	-	19
Budget surplus on other school funds	18	-	-	18
Pension scheme liability	-	(157)	-	(157)
Net assets/(liabilities)	37	(157)	100	(20)

Included in Restricted Fixed Asset Funds is the provisional valuation of land leased to the academy by the Local Authority under a 125 year lease.

On 1st of September 2016 the Morton Church of England Primary School converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to the Lincoln Anglican Academy Trust Ltd from the Lincolnshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activites as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilites transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	-	-
Leasehold land and buildings	-	-	150	150
Budget surplus on LA funds	76	-	-	76
Budget surplus on other school funds	32	-	-	32
Pension scheme liability	-	(420)	-	(420)
Net assets/(liabilities)	108	(420)	150	(162)

Included in Restricted Fixed Asset Funds is the provisional valuation of land leased to the academy by the Local Authority under a 125 year lease.

On 1st of September 2016 the St Peter's Church of England Primary School converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to the Lincoln Anglican Academy Trust Ltd from the North East Lincolnshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activites as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilites transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	-	-
Leasehold land and buildings	-	-	-	-
Budget surplus on LA funds	12	-	-	**12**
Budget surplus on other school funds	2	-	-	**2**
Pension scheme liability	-	(563)	-	(563)
Net assets/(liabilities)	14	(563)	-	**(549)**

On 1st of October 2016 the Edenham Church of England Primary School converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to the Lincoln Anglican Academy Trust Ltd from the Lincolnshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activites as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilites transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	-	-
Leasehold land and buildings	-	-	-	-
Budget surplus on LA funds	33	-	-	**33**
Budget surplus on other school funds	20	-	-	**20**
Pension scheme liability	-	(233)	-	(233)
Net assets/(liabilities)	53	(233)	-	**(180)**

On 1st of July 2017 the Branston Church of England Infant School converted to academy status under the

Academies Act 2010 and all operations and assets and liabilities were transferred to the Lincoln Anglican Academy Trust Ltd from the Lincolnshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activites as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilites transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Tangible fixed assets	-	-	-	-
Leasehold land and buildings	-	-	100	**100**
Budget surplus on LA funds	40	-	-	**40**
Budget surplus on other school funds	1	-	-	**1**
Pension scheme liability	-	(136)	-	(136)
Net assets/(liabilities)	41	(136)	100	**5**

Included in Restricted Fixed Asset Funds is the provisional valuation of land leased to the academy by the Local Authority under a 125 year lease.

31 Transfer of existing academies into the Trust

On 1st of September 2016 all operations and assets and liabilities of the Ruskington Chestnut Street Church of England Primary Academy were transferred to the Lincoln Anglican Academy Trust from the school's single academy trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activites as Donations - transfer from existing academy.

The following table sets out the fair values of the identifiable assets and liabilites transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£000	£000	£000	£000
Tangible fixed assets				
Freehold land and buildings	-	-	229	**229**
Computer equipment	-	-	2	**2**
Current financial assets			-	-
Debtors due in less than one year		127	-	**127**
Cash in bank and in hand	29	384	-	**413**
Liabilities			-	-
Creditors due in less than one year		(87)	-	**(87)**
Pension scheme liability	-	(1,049)	-	(1,049)
Net assets/(liabilities)	29	(625)	231	**(365)**

Included in Restricted Fixed Asset Funds is the valuation of freehold land owned by the academy.

31 Events after the end of the reporting period

Whaplode Church of England Primary School joined the Lincoln Anglican Academy Trust on 1st of December 2017. This school has approximately 200 pupils and its assets and liabilities have been transferred to the Trust from Lincolnshire County Council. The donation of these assets and liabilities will be reflected in the Financial Statements for the year ended 31 August 2018.