

The Lincoln Anglican Academy Trust (LAAT)

Annual Report and Financial Statements

Period ended 31 August 2014

**Company Registration number 08737412
(England and Wales)**

The Lincoln Anglican Academy Trust (LAAT)

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The Lincoln Anglican Academy Trust (LAAT)

Reference and Administrative Details

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 (Angela Chisholm)
Trustees	Laura Capindale Angela Chisholm (Chair of Trustees) Andrew Dodd (Vice Chair of Trustees) Stephen Kirby (Chair of Finance Committee) Daryl Summers Jackie Waters-Dewhurst (Chief Executive Officer) Gill Wright (Methodist Academies and Schools Trust appointment)
Company Secretary	<i>NB NO COMPANY SECRETARY APPOINTED – RESOLUTION 27/9/13 AT BOARD MEETING</i>
Senior Management Team:	
Principal and Registered Office	Edward King House Minster Yard Lincoln LN2 1PU
Company Registration Number	8737412
Independent Auditor	Duncan & Toplis Limited 15 Chequergate Louth Lincs LN11 0LJ
Bankers	Lloyds Bank LLP 202 High Street Lincoln LN5 7AP
Solicitors	LBMW LLP 1 The Sanctuary Westminster London SW1P 3JT

The Lincoln Anglican Academy Trust (LAAT)

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period to 31st August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates three Academy's for pupils aged 4-11 serving catchment areas in Lincolnshire, North Lincolnshire and North East Lincolnshire. There are currently 575 pupils across the MAT.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Lincoln Anglican Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lincoln Anglican Academy Trust (LAAT).

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 LAAT have indemnity insurance cover to the value of £2,000,000. This is purchased by the Trust at an annual cost of £2,332 for a twelve month period of cover. This cover applies to all trustees of the trust 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 LAAT Board, ensuring that the skills and expertise of new trustees are complementary to those existing on the Board. LAAT have the power to appoint those trustee who are not subject to election.

Policies and Procedures Adopted for the Induction and Training of Trustee

The training and induction provided for new trustees will depend upon their experience. Where necessary and appropriate the induction process will provide training on charity, education, legal and financial matters. All new trustees are welcome to visit any of the academies and to meet with staff and students. All trustees are provided with access to policies, procedures, minutes, accounts, budget plans and any documents that they may need to undertake their role as trustee. As there are usually no more than one new trustee per year, induction tends to be informal and is tailored specifically to the individual trustee.

The Lincoln Anglican Academy Trust (LAAT)

Organisational Structure

There is a clear management structure to control the way in which the LAAT is run. The structure consists of three levels; the Members, the Directors and Senior Officers. The main of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for the strategic direction of the LAAT. This includes ensuring accountability for the roles and exploring efficiency opportunity strategies across the Trust to drive standards. This includes setting general policy, reviewing growth plans and capacity levels, adopting an annual plan and budget, monitoring the use of resources and budgets and making major decisions about the direction of the trust, capital expenditure and leadership of staff appointments.

The Senior Officers control the academies within the trust at an executive level, implementing policies laid down by the directors and reporting back to them.

Connected Organisations including Related Party Relationships

The LAAT works very closely with the Diocese of Lincoln and there are shared business plans and ethos between the two organisations. The Church is and will continue to be a significant connected party to the development and creation of the LAAT and maintaining this link is a commitment made by both parties as the LAAT grows and develops. There is a sharing of staff and this will be charged for, at cost, once the LAAT has sufficient and stable finances in place to ensure the support given to its Church academies is not diminished.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is to advance for the public benefit, education in the United Kingdom by establishing, maintain, carrying on, managing and developing schools offering a broad and balanced curriculum.

In addition, to promote for the benefit of individuals living in Lincolnshire, North Lincolnshire and North East Lincolnshire who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreating or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

In accordance with the articles of association, the charitable company has entered into a funding agreement with the Secretary of State. The funding agreements specify, amongst other things, the basis for admitting students to the academies, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced.

The main objects / aims of the trust during the period ended 31 August 2014 are summarised below:
Provide a safe and nurturing education environment for the pupils attending our schools and communities;

Help to encourage confident, caring individuals with an optimistic life outlook and an interest in aspiration, educational development;

Instil in our pupils an appreciation of, and enthusiasm for, learning across a variety of subjects.

The Lincoln Anglican Academy Trust (LAAT)

Objectives, Strategies and Activities

Using a consistent quality assurance framework the LAAT will monitor, evaluate and review all leadership responsibilities in a consistent, open and supportive manner. The LAAT will continue to drive standards within our academies through CPD and effective school improvement, allowing the sharing of best practice and enabling learning from one another. The LAAT will develop structures to support and safeguard our students, identifying barriers to learning and providing appropriate interventions through the use of internal procedures and external agencies.

For 2014/2015 the LAAT is keen to explore trust-wide policies and protocols to ensure all employees are valued in the same way and the LAAT is a balanced, supportive and fair employer.

Public Benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commissions general guidelines in public benefit.

Strategic Report

Achievements and Performance

Going Concern

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

Financial Review

Most 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 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The LAAT also received grant for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful economic life of the asset concerned.

Financial and Risk Management Objectives and Policies

The LAAT's exposure to financial risks is minimal, due to the fact that the financial instruments that deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit within the Local Government Pension Scheme, as described in note 25 to the financial statements but this is subject to periodic actuarial review and regulatory monitoring by Trustees.

The Lincoln Anglican Academy Trust (LAAT)

Reserves Policy

The Trustees have reviewed the reserves of the Trust. This review encompasses the nature of income and expenditure streams, the need to match them with commitments, the challenges that lay ahead for the LAAT and the nature of reserves. The level of reserves will be kept under review by the Trustees.

Investment Policy

The LAAT does not hold any long term investments. Any cash surpluses remain within the academy's bank accounts to ensure an even cash flow across the year.

Principal Risks and Uncertainties

There are two principle risks and uncertainties relating to the LAAT.

The future level of funding of education is uncertain in the current economic climate. This is mainly outside the control of the Trustees, but they engage with the Department for Education when opportunities arise. The Trustees always set prudent budgets and reviews staffing structure and curriculum delivery models to ensure the Academies within the Trust are reactive to the changing funding levels.

The finances of the Trust are highly sensitive to the number of students who have enrolled in EYFS. The Trustees and the Accounting Officer are confident of maintaining the current student numbers of roll and expect the curriculum changes moving forwards will lead to greater success for the student's recruitment. The LAAT has worked hard within local communities to ensure its unique selling point is understood and remains embedded in academies wishing to join the trust. Senior Officers are working on a marketing plan to support academies within the trust, that are below PAN in recruitment and sustainability.

Plans for Future Periods

The volatility in education and its inextricable link to the ideologies of the Secretary of State makes future planning a challenge. However the core business of teaching and learning will remain a constant and financial and institutional planning will remain firmly in focus for the coming year. The learning environments of our schools are a priority.

Staffing costs in some of the academies will need to be reviewed and possible reduced to ensure appropriate deliver of staffing resources. This has to be balanced with the benefits of a stable workforce and the experience of a CPD programme that expects and instils continuous improvement and personal progression opportunities.

There are plans to grow the Multi Academy Trust in 2014/2015 with a secondary school and two primary schools. This would enable the Trust to operate clusters of schools to work as teams and share good practice and outstanding teaching for the benefit of the students within those areas.

The Lincoln Anglican Academy Trust (LAAT)

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on *6th Jan '15* and signed on the board's behalf by:

Chair

John Visser
Professor John Visser

The Lincoln Anglican Academy Trust (LAAT)

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the chief executive as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between LAAT 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 6 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
Krysia Butwilowska (resigned 2 June 2014)	1	5
Laura Capindale (appointed 14 July 2014)	0	0
Angela Chisholm	2	6
Andrew Dodd	5	6
Stephen Kirby (appointed 11 February 2014)	3	3
Daryl Summers	5	6
Jackie Waters-Dewhurst	6	6
Gill Wright	6	6

The Board comprises 8 Directors. It has recently increased its business capacity through the appointment of an HR specialist and a finance professional. These will greatly increase the business capacity outside education arena.

All Directors have engaged with professional training during this year and there are plans to introduce self assessment to aid gap analysis. This will then lead to an action plan for addressing any shortfalls that may be identified.

This year has seen the introduction of the Heads and Chairs forum, which allows the sharing of good practice and ideas across all academies within the Trust. The delegates of this forum are instructed to attend the Board meetings, to allow Directors to scrutinise and interrogate them directly to hold them to account for their student performance.

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The Board of Finance is a committee of the main board of trustees. Its purpose is to propose the annual budget, to act as audit committee, review actual performance throughout the year in financial matters, review the effectiveness of financial internal controls through the Internal Auditor's reporting systems, advise the trustees on the appropriateness, or otherwise, of spending requests outside the delegated powers given to them and monitor and keep under review the needs and requirements of the LAAT in relation to competitive tendering.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Krysia Butwilowska (resigned 2 June 2014)	0	0
Laura Capindale (appointed 14 July 2014)	0	0
Angela Chisholm	0	1
Andrew Dodd	0	1
Stephen Kirby (appointed 11 February 2014)	1	1
Daryl Summers	1	1
Jackie Waters-Dewhurst	1	1
Gill Wright	1	1

The Finance Committee was established by the Board at its meeting on 25 April 2014 and met for its first meeting on 6 June 2014.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lincoln Anglican Academy Trust for the period 1st January 2014 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st January 2014 to 31 August 2014 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 multi 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 and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;

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- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Duncan & Toplis Limited as external auditor. This arrangements be reviewed for 2014/2015 through a formal tendering process.


Review of Effectiveness

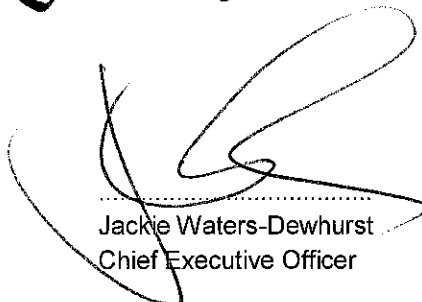
As accounting officer the **Chief Executive** has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on *6th Jan 15* and signed on its behalf by:


Chair *Professor John Visser*

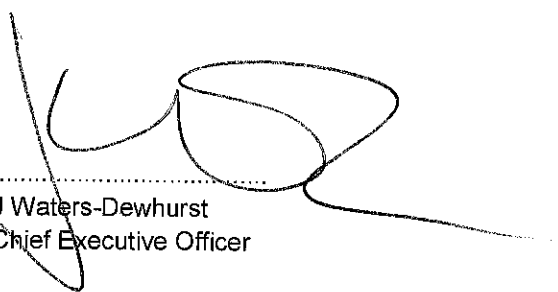

Jackie Waters-Dewhurst
Chief Executive Officer

Statement on Regularity, Propriety and Compliance

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

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

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



.....
J Waters-Dewhurst
Chief Executive Officer

The Lincoln Anglican Academy Trust (LAAT)

Statement of Trustees' Responsibilities

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 EFADfE 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 6 Jan. 15 and signed on its behalf by:


Chair Professor John Visser

THE LINCOLN ANGLICAN ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THE LINCOLN ANGLICAN
ACADEMY TRUST**

We have audited the financial statements of The Lincoln Anglican Academy Trust for the period ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE LINCOLN ANGLICAN ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF THE LINCOLN ANGLICAN
ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Ltd

15 Chequergate
Louth
Lincolnshire
LN11 0LJ
Date:

THE LINCOLN ANGLICAN ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 18 December 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lincoln Anglican Academy Trust during the period 17 October 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE LINCOLN ANGLICAN ACADEMY TRUST'S AND THE REPORTING ACCOUNTANT

The is responsible, under the requirements of The 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 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 17 October 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE LINCOLN ANGLICAN ACADEMY TRUST
(A company limited by guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 17 October 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Nicholas Cudmore FCA (Senior Statutory Auditor)

Duncan & Toplis Ltd

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date:

THE LINCOLN ANGLICAN ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	12,642	-	-	12,642
Transfer from predecessor school's	6	90,160	(732,000)	5,030,519	4,388,679
Activities for generating funds	3,4	18,891	7,004	-	25,895
Incoming resources from charitable activities:	5				
Funding for the Academy's educational activities		-	1,224,881	24,057	1,248,938
TOTAL INCOMING RESOURCES		121,693	499,885	5,054,576	5,676,154
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising expenses and other costs	4	48	-	-	48
Funding for the Academy's educational activities		824	1,031,706	27,028	1,059,558
Governance costs	8	-	101,214	-	101,214
TOTAL RESOURCES EXPENDED	11	872	1,132,920	27,028	1,160,820
NET INCOMING / (OUTGOING)					
RESOURCES BEFORE TRANSFERS		120,821	(633,035)	5,027,548	4,515,334
Transfers between Funds	22	(82,068)	56,478	25,590	-
NET INCOME FOR THE PERIOD		38,753	(576,557)	5,053,138	4,515,334
Actuarial gains and losses on defined benefit pension schemes		-	(87,000)	-	(87,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		38,753	(663,557)	5,053,138	4,428,334
<i>Total funds at 17 October 2013</i>		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2014		38,753	(663,557)	5,053,138	4,428,334

All of the Academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 19 to 43 form part of these financial statements.

THE LINCOLN ANGLICAN ACADEMY TRUST

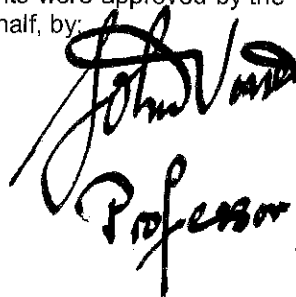
(A company limited by guarantee)

REGISTERED NUMBER: 08737412

**BALANCE SHEET
AS AT 31 AUGUST 2014**

	Note	£	2014 £
FIXED ASSETS			
Tangible assets	18		5,003,025
CURRENT ASSETS			
Stocks	19	3,842	
Debtors	20	187,011	
Cash at bank and in hand		426,005	
		<u>616,858</u>	
CREDITORS: amounts falling due within one year	21	(353,549)	
NET CURRENT ASSETS			<u>263,309</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,266,334</u>
Defined benefit pension scheme liability	29		(838,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>4,428,334</u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	22	174,443	
Restricted fixed asset funds	22	5,053,138	
		<u>5,227,581</u>	
Restricted funds excluding pension liability			
Pension reserve		(838,000)	
Total restricted funds			4,389,581
Unrestricted funds	22		38,753
TOTAL FUNDS			<u>4,428,334</u>

The financial statements were approved by the Trustees, and authorised for issue, on 6th Jan. '15 and are signed on their behalf, by:


Professor John Visser.

Chair of Trustees

The notes on pages 19 to 43 form part of these financial statements.

THE LINCOLN ANGLICAN ACADEMY TRUST
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014**

	Note	Period 31 August 2014 £
Net cash flow from operating activities	24	311,322
Capital expenditure and financial investment	25	(1,533)
Cash transferred on conversion to an academy trust	27	116,216
INCREASE IN CASH IN THE PERIOD		426,005

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

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2014**

	Period 31 August 2014 £
Increase in cash in the period	426,005
MOVEMENT IN NET FUNDS IN THE PERIOD	426,005
NET FUNDS AT 31 AUGUST 2014	426,005

The notes on pages 19 to 43 form part of these financial statements.

THE LINCOLN ANGLICAN ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

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

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

THE LINCOLN ANGLICAN ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets individually costing more than £200 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold Property	-	2% Straight line
Fixtures and fittings	-	25% Straight line
Computer equipment	-	33% Straight line

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Stocks

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

1.9 Taxation

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

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 29, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

THE LINCOLN ANGLICAN ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from various schools to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Lincoln Anglican Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Donations	407	-	407
Other voluntary income	12,235	-	12,235
	<hr/>	<hr/>	<hr/>
Voluntary income	12,642	-	12,642
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Sale of goods	343	-	343
Receipts from staff insurance claims	-	7,004	7,004
Other income	18,548	-	18,548
	<u>18,891</u>	<u>7,004</u>	<u>25,895</u>

4. TRADING ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Fundraising trading expenses			
Other expenses	48	-	48
	<u>48</u>	<u>-</u>	<u>48</u>
Net expenditure from trading activities	(48)	-	(48)

THE LINCOLN ANGLICAN ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Funding for the Academy's educational operations	-	1,248,938	1,248,938

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	-	870,130	870,130
Start Up Grant	-	75,000	75,000
Pupil Premium	-	45,932	45,932
Other DfE/EFA Revenue grants	-	225,542	225,542
Devolved Formula Capital grant	-	24,057	24,057
	-	1,240,661	1,240,661
Other government grants			
SEN 1-1 Funding	-	6,277	6,277
Other Local Authority revenue grants	-	2,000	2,000
	-	8,277	8,277
	-	1,248,938	1,248,938

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Transfer on conversion	90,160	4,298,519	4,388,679

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Funding for the Academy's educational operations	824	1,058,734	1,059,558

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £
Funding for the Academy's educational operations	745,198	27,028	287,332	1,059,558

8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Auditors' remuneration	-	8,500	8,500
Auditors' non audit costs	-	2,200	2,200
Legal and professional fees	-	86,785	86,785
Personnel fees	-	3,729	3,729
	-	101,214	101,214

9. DIRECT COSTS

	Educational operations £	Total 2014 £
Educational supplies	28,645	28,645
Staff development	2,753	2,753
Other costs	44,014	44,014
Wages and salaries	537,078	537,078
National insurance	34,361	34,361
Pension cost	79,857	79,857
Depreciation	27,028	27,028
	753,736	753,736

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

10. SUPPORT COSTS

	Educational operations £	Total 2014 £
Other finance income less expense	8,000	8,000
Technology costs	320	320
Recruitment and support	1,687	1,687
Maintenance of premises and equipment	75,823	75,823
Cleaning	4,035	4,035
Rent and rates	10,781	10,781
Energy costs	18,583	18,583
Insurance	22,124	22,124
Security	619	619
Transport	37	37
Telephone, postage and stationery	27,727	27,727
Catering	13,823	13,823
Other costs	25,523	25,523
Bank interest and charges	912	912
Operating leases - other	1,926	1,926
Wages and salaries	77,725	77,725
National insurance	2,396	2,396
Pension cost	13,781	13,781
	<u>305,822</u>	<u>305,822</u>

11. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £
Fundraising expenses	-	-	48	48
Costs of generating funds	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
Direct Costs	651,296	26,378	76,062	753,736
Support costs	93,902	125,865	86,055	305,822
Charitable activities	<u>745,198</u>	<u>152,243</u>	<u>162,117</u>	<u>1,059,558</u>
Governance	<u>-</u>	<u>-</u>	<u>101,214</u>	<u>101,214</u>
	<u>745,198</u>	<u>152,243</u>	<u>263,379</u>	<u>1,160,820</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £
Funding for the Academy's educational operations	753,736	305,822	1,059,558

13. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	Period 31 August 2014 £
Depreciation of tangible fixed assets:	
- owned by the charity	27,028
Auditors' remuneration	8,500
Operating lease rentals:	
- plant and machinery	1,926
Auditors' remuneration - non audit fees	2,200

14. STAFF

a. Staff costs

Staff costs were as follows:

	Period 31 August 2014 £
Wages and salaries	600,130
Social security costs	36,757
Other pension costs (Note 29)	93,637
	730,524
Supply teacher costs	14,674
	745,198

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

14. STAFF (continued)

b. Staff numbers

The average number of persons employed by the Academy during the period expressed as full time equivalents was as follows:

	Period 31 August 2014 No.
Teachers	28
Administration and support	36
	<hr/> 64 <hr/>

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in the period.

THE LINCOLN ANGLICAN ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

15. CENTRAL SERVICES

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

- Payroll
- Strategic and operational HR
- Telephone support
- Banking services
- Financial software
- Strategic and operational financial support
- ROSPA membership
- School improvement monitoring and QA

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

Each Academy Trust pays a flat rate charge amounting to 5% of General Annual Grant from the point of joining the Trust.

The actual amounts charged to the component schools during the year were as follows:

	Period 31 August 2014 £
Canon Peter Hall Church of England Primary School, Immingham	8,409
Ulceby St Nicholas Church of England Primary School, Ulceby	16,960
Magdalen Church of England and Methodist Primary School, Wainfleet	18,138
	<hr/>
Total	43,507 <hr/>

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2014 was £2,332. The cost of this insurance is included in the total insurance cost.

17. OTHER FINANCE INCOME

	Period 31 August 2014 £
Expected return on pension scheme assets	9,000
Interest on pension scheme liabilities	(17,000)
	<hr/>
	(8,000) <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

18. TANGIBLE FIXED ASSETS

	Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Additions	5,004,463	2,594	22,996	5,030,053
At 31 August 2014	5,004,463	2,594	22,996	5,030,053
Depreciation				
Charge for the period	26,378	270	380	27,028
At 31 August 2014	26,378	270	380	27,028
Net book value				
At 31 August 2014	4,978,085	2,324	22,616	5,003,025

The school premises of Ulceby St Nicholas and Canon Peter Hall are occupied under licence from the Church Diocese with no rent payable.

The school premises of Magdalen, Wainfleet, are owned by the Trust. There is currently no valuation of the Land and Buildings available for Magdalen, Wainfleet and therefore no value is reflected in the Financial Statements.

In accordance with the EFA Accounts Direction and UK Generally Accepted Accounting Practice, property assets are included at valuation to reflect the assets under the stewardship of the Trust.

Included in property is freehold land at valuation of £196,000 which is not depreciated.

19. STOCKS

	2014 £
Consumables and goods for resale	3,842

20. DEBTORS

	2014 £
Trade debtors	10,516
Other debtors	103,711
Prepayments and accrued income	72,784
	187,011

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

21. CREDITORS:
Amounts falling due within one year

	2014 £
Trade creditors	83,500
Other creditors	115,532
Accruals and deferred income	154,517
	<u>353,549</u>

Deferred income comprises two funding streams for which funds have been received in the period to 31 August 2014 but which relate to future periods, and include start up funding for Weston St Mary CE Primary School (note 31) and Universal Free School Meals funding for the autumn term.

	£
Deferred income	
Resources deferred during the year	<u>94,570</u>

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
School fund	-	13,993	(872)	-	-	13,121
General funds						
Other Income	-	107,700	-	(82,068)	-	25,632
Total Unrestricted funds	-	121,693	(872)	(82,068)	-	38,753
Restricted funds						
General Annual Grant (GAG)	-	870,130	(949,604)	79,474	-	-
Start up Grant	-	75,000	(43,315)	-	-	31,685
Other DfE/EFA grants	-	271,474	(121,001)	(22,996)	-	127,477
Government grants	-	8,277	-	-	-	8,277
Other income	-	7,004	-	-	-	7,004
Pension reserve	-	(732,000)	(19,000)	-	(87,000)	(838,000)
	-	499,885	(1,132,920)	56,478	(87,000)	(663,557)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

22. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/EFA capital grants	-	24,057	-	-	-	24,057
Capital expenditure from GAG	-	-	(270)	2,594	-	2,324
Capital expenditure from other income	-	5,030,519	(26,758)	22,996	-	5,026,757
	-	5,054,576	(27,028)	25,590	-	5,053,138
Total restricted funds	-	5,554,461	(1,159,948)	82,068	(87,000)	4,389,581
Total of funds	-	5,676,154	(1,160,820)	-	(87,000)	4,428,334

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

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

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

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

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

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

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

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £19,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £87,000 actuarial increase in the net pension fund deficit.

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

22. STATEMENT OF FUNDS (continued)

amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

Canon Peter Hall Church of England Primary School, Immingham	4,426
Ulceby St Nicholas Church of England Primary School, Ulceby	(20,538)
Magdalen Church of England and Methodist Primary School, Wainfleet	34,525
Central Trust	194,783
	<hr/>
Total before fixed asset fund and pension reserve	213,196
Restricted fixed asset fund	5,053,138
Pension reserve	(838,000)
	<hr/>
Total	4,428,334
	<hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of Academy	Amount of deficit £
Ulceby St Nicholas Church of England Primary School, Ulceby	(20,538)

The deficit has arisen because of expenditure incurred during the transition to Academy status.

The Academy is taking the following action to return the academy to surplus:

To return to surplus, the Academy is working with the Trust to monitor and streamline outgoings and also examine other sources of revenue.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

22. STATEMENT OF FUNDS (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding deprec'n £	Total £
Canon Peter Hall Church of England Primary School, Immingham	136,676	23,035	5,994	42,192	207,897
Ulceby St Nicholas Church of England Primary School, Ulceby	242,978	31,874	13,540	50,321	338,713
Magdalen Church of England and Methodist Primary School, Wainfleet	258,038	39,293	9,111	144,487	450,929
Central Trust	13,304	-	-	122,949	136,253
	<u>650,996</u>	<u>94,202</u>	<u>28,645</u>	<u>359,949</u>	<u>1,133,792</u>

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	-	13,993	(872)	-	-	13,121
General funds	-	107,700	-	(82,068)	-	25,632
	<u>-</u>	<u>121,693</u>	<u>(872)</u>	<u>(82,068)</u>	<u>-</u>	<u>38,753</u>
Restricted funds	-	499,885	(1,132,920)	56,478	(87,000)	(663,557)
Restricted fixed asset funds	-	5,054,576	(27,028)	25,590	-	5,053,138
	<u>-</u>	<u>5,676,154</u>	<u>(1,160,820)</u>	<u>-</u>	<u>(87,000)</u>	<u>4,428,334</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Tangible fixed assets	-	-	5,003,025	5,003,025
Current assets	38,753	527,992	50,113	616,858
Creditors due within one year	-	(353,549)	-	(353,549)
Provisions for liabilities and charges	-	(838,000)	-	(838,000)
	<u>38,753</u>	<u>(663,557)</u>	<u>5,053,138</u>	<u>4,428,334</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	Continuing £	Discontinued £	Period 31 August 2014 Total £
Net incoming resources before revaluations	4,515,334	-	4,515,334
Transfer on conversion	(4,388,679)	-	(4,388,679)
Depreciation of tangible fixed assets	27,028	-	27,028
Capital grants from DfE	(24,057)	-	(24,057)
Increase in stocks	(3,842)	-	(3,842)
Increase in debtors	(187,011)	-	(187,011)
Increase in creditors	353,549	-	353,549
FRS 17 adjustments	19,000	-	19,000
Net cash inflow from operations			<u><u>311,322</u></u>

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25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period 31 August 2014 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(25,590)
Capital grants from DfE	24,057
Net cash outflow capital expenditure	(1,533)

26. ANALYSIS OF CHANGES IN NET FUNDS

	17 October 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	-	426,005	-	426,005
Net funds	-	426,005	-	426,005

27. CONVERSION TO AN ACADEMY TRUST

On various dates various schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Lincoln Anglican Academy Trust from Lincolnshire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	5,004,463	5,004,463
Budget surplus/(deficit) on LA funds	81,094	-	-	81,094
Budget surplus/(deficit) on other school funds	9,066	-	26,056	35,122
LGPS pension surplus/(deficit)	-	(732,000)	-	(732,000)
Net assets/(liabilities)	90,160	(732,000)	5,030,519	4,388,679

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27. CONVERSION TO AN ACADEMY TRUST (continued)

The above net assets include £116,216 that was transferred as cash.

28. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government grant was received, the Academy is required to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of state sums determined by reference to:

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

29. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional

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29. PENSION COMMITMENTS (continued)

investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 (currently 14.1%) which includes a 0.08% employer administration charge;
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a

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29. PENSION COMMITMENTS (continued)

multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £47,000, of which employer's contributions totalled £37,000 and employees' contributions totalled £10,000. The agreed contribution rates for future years are 23.3% and 19.9% for employers and varied for employees.

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

As described in note 27 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	6.40	294,000
Bonds	3.30	44,000
Property	4.50	33,000
Cash	3.30	12,000
Total market value of assets		383,000
Present value of scheme liabilities		(1,221,000)
(Deficit)/surplus in the scheme		(838,000)

The amounts recognised in the Balance Sheet are as follows:

	Period 31 August 2014 £
Present value of funded obligations	(1,221,000)
Fair value of scheme assets	383,000
Net liability	(838,000)

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29. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	Period 31 August 2014 £
Current service cost	(48,000)
Interest on obligation	(17,000)
Expected return on scheme assets	9,000
Total	(56,000)
Actual return on scheme assets	16,000

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

	Period 31 August 2014 £
Opening defined benefit obligation	1,050,000
Current service cost	48,000
Interest cost	17,000
Contributions by scheme participants	10,000
Actuarial Losses	96,000
Closing defined benefit obligation	1,221,000

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

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

	Period 31 August 2014 £
Opening fair value of scheme assets	318,000
Expected return on assets	9,000
Actuarial gains and (losses)	9,000
Contributions by employer	37,000
Contributions by employees	10,000
	<u>383,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £87,000.

The Academy expects to contribute £120,000 to its defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014
Equities	77.00 %
Bonds	11.00 %
Property	8.00 %
Cash	4.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	5.70 %
Rate of increase in salaries	3.90 %
Rate of increase for pensions in payment / inflation	2.60 %

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

	2014
Retiring today	
Males	22.0
Females	24.2
Retiring in 20 years	
Males	24.3
Females	26.7

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29. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014 £
Defined benefit obligation	(1,221,000)
Scheme assets	383,000
Deficit	(838,000)
Experience adjustments on scheme liabilities	(96,000)
Experience adjustments on scheme assets	9,000

Sensitivity Analysis

	Approx % increase to Employer Liability %	Approx monetary amount £
0.5% decrease in Real Discount Rate	13	161,000
1 year increase in member life expectancy	3	36,000
0.5% increase in the Salary Increase Rate	7	82,000
0.5% increase in the Pension Increase Rate	6	73,000

30. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £	Other 2014 £
Expiry date:		
Within 1 year	-	980
Between 2 and 5 years	-	23,351

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31. RELATED PARTY TRANSACTIONS

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

During the period the Academy Trust worked closely with and entered into various transactions with the Diocese of Lincoln Board of Education.

32. POST BALANCE SHEET EVENTS

Since the year end Weston St Mary CE Primary School has joined the Multi Academy Trust.

33. CONTROLLING PARTY

The Trustees as a body have ultimate control of the Academy.

34. INCORPORATION

The Academy Trust incorporated on the 17 October 2013, Ulcbey Church of England Primary School joined the Trust from the 1 January 2014, The Magdalen Church of England and Methodist Church joined the trust on the 1 April 2014 and the Canon Peter Hall Church of England Primary School joined on the 1 July 2014.

