

Registered number: 07559187 (England & Wales)

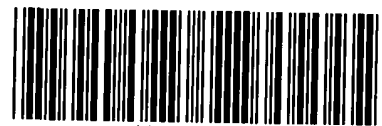
SOUTH LINCOLNSHIRE ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Mr W Hawkins
Mr R Roberts
Mr L Reilly

Trustees

Mr W Hawkins #, Chair of Trustees
Mr R Roberts, Chair of Finance Committee
Mr L Reilly, Head Teacher
Mr J Kirkman #
Mr D Pickering #
Mrs C Wookey
Mr P Bryan
Mrs L Dray
Mr S Haigh #
Mrs R Green (resigned 23 February 2016)
Mr R Immink
Mrs K Roche, Staff Trustee
Mr M Bryan, Staff Trustee

Members of the Audit and Compliance Committee

Company registered number

07559187

Company name

South Lincolnshire Academies Trust

Principal and registered office

Bourne Academy, Edinburgh Crescent, Bourne, Lincs, PE10 9DT

Chief Executive Officer

Mr L Reilly

Senior Leadership Team

Mr L Reilly, Headteacher
Mrs L Conley, Deputy Headteacher
Mrs R Le Caplain, Assistant Headteacher
Mr J Hind, Assistant Headteacher
Mr T Martin, Assistant Headteacher
Mr B Sinclair, Assistant Headteacher
Mr S Keshwara, Assistant Headteacher (resigned 31 December 2015)

Independent auditors

Streets Audit LLP, Windsor House, A1 Business Park at Long Bennington, Notts, NG23 5JR

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Bankers

Lloyds TSB, 8 North Street, Bourne, Lincs, PE10 9ED

Solicitors

Duncan A Pickering, 4 Southfields, Bourne, Lincs, PE10 9TZ

Internal Auditor

A C Cushing FCCA, Bramwell Lodge, 9 Tudor Close, Thurlby, Lincs, PE10 0QJ

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of South Lincolnshire Academies Trust (the Academy) for the period 1 September 2015 to 31 August 2016. The annual report serves the purpose of both a trustee's report and a director's report under company law. The Trustees confirm that the Annual Report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The trust operates an academy for pupils ages 11 to 19 serving a catchment area of Lincolnshire. It has a pupil capacity of 1,225 and a roll of 1,299 in the school census of October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a company limited by guarantee with no share capital and an exempt charity. The trust was incorporated on 10 March 2011, in the name of South Lincolnshire Academies Trust. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees act as the trustees for the charitable activities of South Lincolnshire Academies Trust and are also the directors of the Charitable Company for the purposes of company law.

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

The Trust is responsible for providing education to students aged 11-19. This includes establishing, maintaining, managing and developing a school offering a broad and balanced curriculum.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

The Academy has third party governor indemnity provision in place.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The articles of association require the members of the charitable company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

The articles of association require that the Members of the Academy Trust shall comprise:

- (a) the signatories to the Memorandum;
- (b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- (c) the Chairman of the Trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The members' board may appoint up to the maximum of Trustees. Trustees may be removed by the person or persons who appointed them.

No additional trustees were appointed nor made by the Secretary of State in 2015/16.

The trustees who were in office at 31 August 2016, and served throughout the period, are listed on page 1.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

All members and Trustees are provided with copies of procedures, minutes, accounts, budgets plans and other documents that they will need to undertake their role as trustees and Trustees.

All members and Trustees have access to a range of training programmes.

ORGANISATIONAL STRUCTURE

The organisational structure of the Academy consist of three levels, The Members Board, Trustees and the Senior Leadership Team (SLT).

The Academy is governed by the Trustee Board which delegates functions as appropriate to the Governing Body who are appointed by the trustees as a committee. Trustees are directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The trustee and Trustees exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Academy.

The governing body is responsible for setting general policy, adopting an annual School Development Plan (SDP) and budget, monitoring the Academy's use of budgets and making major decisions about the direction of the Academy and senior staff appointments. The Trustees are responsible for monitoring the performance of the Headteacher and SLT on a regular basis.

The SLT consists of the Headteacher, Deputy Headteacher and five Assistant Headteachers.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Academy Pay Policy details the pay and remuneration for key management personnel. Remuneration is determined by performance based on set objectives linked to the Pay and Personnel Committee.

RELATED PARTIES AND CONNECTED CHARITIES AND ORGANISATIONS

The trust works closely with its main feeder primary schools, local community organisations and charities and a number of schools within Lincolnshire, but is not part of a wider federation.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Academy Trust's principle object is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum.

The aim of the school is to provide a quality education in a caring and disciplined community:

- By maintaining the school's reputation for excellent examination results;
- By allowing pupils of all abilities to attain their full potential and develop their own special qualities;
- By offering a wide range of extracurricular activities and sports;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

- By maintaining the high standards and expectations of the school;
- By developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties;
- By expecting pupils to value all members of the school's community and its environment;
- By allowing pupils to acquire attitudes and skills which enable them to give purposes to their lives and to make a contribution to the wider community.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the period ended 31 August 2016 are summarised below:

- To ensure that every pupil enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with industry and commerce;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

PUBLIC BENEFIT

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. Given the activities of the Academy and the student population that it services, the trustees consider that the company's aims are demonstrably to the public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy had a School Development Plan (SDP) approved by Trustees to cover the academic year. This consisted of a 'smart' target plan under the four Ofsted headings of Leadership & Management, (Quality of) Teaching, Achievement and Behaviour & Safety. The main priorities from the 2015-2016 plan are listed below.

Overall aim:

Aspire: To raise the aspiration of all learners.

Challenge: To ensure the quality of teaching, learning & assessment is outstanding overall & never less than consistently good.

Achieve: To ensure that then progress of students from KS2 to 4 and from KS4 to 5 is good to outstanding.

1. LEADERSHIP & MANAGEMENT

Quality Assurance Framework:

To further improve the consistency of teaching & assessment via Faculty / department inspection reviews, the Whole school programme of lesson observations and systematic work scrutiny throughout the school.

Provide training opportunities to address the SDP priorities across the school:

Attend relevant PIXL courses and cascade to staff in school, create a new staff 'Futures' group to act as a 'think tank' for the next stage in development in teaching and learning at BA and implement 'Life After Levels' using 'Doddle'.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

2a. LEARNING: Progress 'over time'

Ongoing Formative Feedback:

To use the Hattie style marking model and encourage drafting and redrafting skills by ensuring that students have time to rework their ideas either individually or by providing feedback in pairs/groups – e.g. develop peer interaction.

Assessment:

- Subjects to plan key assessments by the teacher throughout the academic year, with self and peer assessment becoming increasingly planned as part of the learning cycle;
- Staff to follow the Academy's multi pen system for marking;
- Subject Leaders to ensure that there are 'exemplar' AfL files/books;
- The overall effect being to ensure and demonstrate progress over time.

2b. TEACHING

Planning Stage

Lesson Planning:

- Ensure that students' 'learning journey' within a lesson and 'over time' is planned and that there are opportunities for independent learning;
- Plan key questions in lessons & develop techniques to ensure that all students have the time and opportunity to develop their responses – e.g. 'pose, pause, pounce, bounce' – 'no hands up' (when answering questions not asking them).

Lesson structure:

- Ensure that Learning Objectives are transparent or that Success Criteria are specific and understood by students - link to levels/grades at KS4 & 5 where possible; stretch the most able in every class eg via 'some' / 'few'.

Lesson Observation:

- Continue to embed the developmental approach to observations using the new lesson observation template – focus on up to three things/areas to develop and improve.

Whole School Literacy Marking

In line with our revised Literacy Policy:

Provide written feedback to students in their assessment books to include: Capital letters, Spelling of technical terms, Paragraphs and Punctuation.

3. ACHIEVEMENT

Reduce underachievement:

- Analyse the progress of all students in each class against their targets;
- Show an awareness of the following groups: Pupil Premium; FSM; CLA; EAL; SEN & gender;
- Intervene in cases of underachievement. Immediate intervention in cases of underachievement following each AoL point, tracking particularly English and maths at KS3, but with pastoral staff considering all subjects.

Life After Levels:

- Develop a revised system for KS3 assessment and target setting, to be implemented in September 2015.

Literacy & Numeracy:

- Continue to develop whole school curriculum and support to improve reading, comprehension and numeracy of weakest students;
- Develop a Love of Reading 'LOR' across the school with a particular focus on Y7 - 9 vertical tutor groups.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

4. BEHAVIOUR & SAFETY

Behaviour:

- To further eliminate low level disruption in lessons – to revisit current systems (such as 4 point plan) and ensure consistency of procedures via behaviour management training for all staff;
- Develop the use of PASS tests to analyse the 'Pupils Attitude to Self and School' and provide appropriate support for individuals – e.g. mentoring;
- Include the PASS information with AoL data.

Absence:

- To continue to significantly reduce numbers of persistently absent students and the overall absence level.

Rewards:

- Further develop our rewards system through our Houses and faculties / departments – e.g. rewards banks; student pledges.

5a. ADDITIONAL KEY PRIORITIES

Appraisal:

- Further develop the three target Appraisal model for reviewing teacher performance, which takes into account the Teachers Standards.

PSHE:

- Further develop the programme for PSHE and RE at KS3, 4 & 5 – to ensure the delivery of the SMSC component of the curriculum and further develop our QA system to review success of PSHE;
- Make better use of tutor time to better meet the needs of students in the three key stages, with the new division into lower and upper school tutor groups enabling the coverage and discussion of age-appropriate safeguarding and citizenship issues.

5b. COMMUNICATION

Student & Staff Focus Groups:

- To develop our self-evaluation, carry out a series of interviews with groups of students and staff in order to provide feedback to staff about what works best for them eg in terms of teaching, learning & assessment.

Develop Communication using VLE:

- Further develop our VLE 'webanywhere' particularly in terms of the online homework system;
- Subject based learning resources on the VLE;
- Use the subject material on Doodle and link this to the VLE eg using hyperlinks when setting homework.

These processes led to the following results in the summer of 2016:

	Pass Rate
GCSE 5A*-C including English and Mathematics	63%
A Level Pass Rate	100%

In addition to its ongoing aim of continuously improving standards, the Academy is committed to promoting the wider education of its students. This is achieved by delivering a range of experiences that come under the heading of SMSC (Spiritual, Moral, Social and Cultural) education. This encompasses:

- Discrete Religious Education lessons for all students from Year 7 to 9, dealing with Philosophy, Ethics and the major religions, including Christianity;
- A 'love of reading' programme from Years 7 to 9 to develop literacy skills, enable greater access to the curriculum and to widen students' awareness of the wide range of quality literature and reading material available to them in printed form and online;
- An innovative programme from Years 10 to 13 within vertical tutor groups and involving upper school, sixth form and house assemblies as well as targeted 'collapsed' days on key topics linked to being a successful citizen in the diverse culture of modern Britain;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

- Extensive community links, both locally, regionally and internationally;
- Sixth form, upper school, lower school and house assemblies, stressing the importance of playing a positive part in the life of the school and the local community;
- Charity fund-raising, covering the major national days but also House nominated charities suggested by students;
- A wide range of extra-curricular sporting activities, particularly team sports;
- A wide range of cultural activities, including Art, Drama and Music, which have enabled us to qualify for the prestigious Artsmark Award.

The school was judged to be Good in all aspects by Ofsted in May 2013.

GOING CONCERN

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

FINANCIAL REVIEW

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The trust held fund balances at 31 August 2016 of £10,970,831, comprising £344,904 of restricted funds, a fixed asset reserve of £12,530,351, a pension reserve deficit of £2,121,000 and £216,576 of unrestricted general funds.

Most of the trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

During the year ended 31 August 2016, total expenditure of £6,508,195 was less than recurrent restricted grant funding from the EFA together with other restricted incoming resources. The excess of expenditure over income for the period was £65,010.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period under review there was no GAG carried forward. Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2016 this was 82.3% and this will be monitored in future periods.

The trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the academy balance sheet shows a net liability of £2,121,000.

Detail is still awaited on future funding from 2016 onwards. Pupil numbers are expected to remain stable.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

RESERVES POLICY

The Academy operate a reserves policy of one month's operating expenditure. The reserves are reviewed regularly and are considered to be sufficient to ensure an appropriate level of funding is held to cover contingency requirements. Capital investment was made this year to reduce the reserves in line with this policy.

At 31 August 2016, free reserves held amount to £216,576 and restricted general funds amount to £344,904.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £12,530,351.

The pension fund is in deficit by £2,121,000.

Total funds at 31 August 2016 amount to £10,970,831, and the balance on restricted general funds plus unrestricted general funds at 31 August 2016 results in a net surplus of £561,480.

INVESTMENT POLICY

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are aware of the major risks to which the Academy Trust is exposed, particularly via regular reports from the Finance Committee, Audit and Compliance Committee and the Premises/Health and Safety Committee. A risk register is managed by regularly reviewing strategic, operational, compliance and financial risks. Specific risks with a higher risk rating include competition risk and the presence of other organisations with similar objects and little cope for differentiation. This also has a direct impact on the level of finance the Academy receives. Insurance risk is closely monitored to ensure there is no financial loss/inability to replace items if the Academy does not have adequate insurance cover. Linked to insurance is the risk of litigation should the Academy not be fully compliant with health and safety legislation. This is discussed and reported through the Premises/Health and Safety Committee. Technology risk is also closely monitored for data protection and general information security and the risks of virus/data corruption and loss. Systems and procedures have been established to manage the risks identified.

PLANS FOR FUTURE PERIODS

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust will continue to work to raise both the aspirations and outcomes of all its students at whatever age, closing gaps between the performances of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education.

The priorities for the following year, consistent with the Objects and Aims of the Academy, will be set out in the annual School Development Plan (SDP), a copy of which will be distributed to Trustees and to all staff, as well as to the staff of the school. Trustees will then be able to oversee the ongoing strategic development of the Academy by challenging and supporting the Headteacher and Leadership Team about the successful achievement of the targets set out in this document.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Bourne Academy was approached by the Regional Schools Commissioner to offer support in becoming a Multi Academy Trust in order to sponsor Sir John Gleed School in Spalding. Following a successful sponsor application Bourne Academy will become South Lincolnshire Academies Trust on the 1 September 2016. Sir John Gleed School will be re-named Spalding Academy and will adopt the ethos and vision of the trust. Spalding Academy will undergo a journey to improve the outcomes for the students currently attending the school and offer a viable secondary education option for the community of Spalding and surrounding area.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust has not acted as a custodian trustee.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating the strategic report, was approved by order of the Trustees, as the company directors on 16/12/2016 and signed on the board's behalf by:



Mr W Hawkins
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that South Lincolnshire Academies 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Lincolnshire Academies 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Mr W Hawkins	6	6
Mr R Roberts	6	6
Mr L Reilly	6	6
Mr J Kirkman	6	6
Mr D Pickering	6	6
Mrs C Wookey	6	6
Mr P Bryan	6	6
Mrs L Dray	6	6
Mr S Haigh	5	6
Mrs R Green	2	2
Mr R Immink	5	6
Mrs K Roche	3	6
Mr M Bryan	2	6

Governance Reviews

A governance review was undertaken in May 2015. The aims of this review were to explore the extent to which trustees effectively:

- Understand and take account of pupil data so that they can provide appropriate support and challenge for pupil achievement;
- Contribute to school self-evaluation and development planning.

Strengths identified

- Trustees can confidently state an overall grade for whole school achievement. They can do this because academy leaders provide Trustees with a very comprehensive range of data related to pupils' attainment and progress in the school at present and over time.
- Minutes of the Standards Committee meetings indicate that Trustees do raise questions regarding pupils' attainment and progress; very thorough papers are sent out prior to meetings and senior staffs often give presentations and additional explanations of process at these meetings.
- Trustees report that discussions at both Full Trustees meetings and at committee meetings inform the development planning process. They appreciate the concise summary of Ofsted-based judgements provided by the SEF.

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GOVERNANCE STATEMENT (continued)

Recommendations made

- To develop a concise, easily digestible format for communicating pupil progress in key areas throughout the year. This data should include targets as well as current estimates. A data dashboard would be a helpful approach in this respect.
- Create a concise document which summarises academy priorities, actions and success criteria. This will support Trustees to track progress in the implementation of the academy development plan.

The recommendations above and contained in the report have been incorporated into an action plan for review and implementation during 2015-16.

Following an Ofsted inspection at Spalding Academy in October 2016 the governance in place within South Lincolnshire Academies Trust was deemed to be to a standard that does not require a review in the next 12 months.

The Finance Committee is a sub-committee of the main board of trustees. Its primary purpose is to assist the decision making of the governing body by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. The other purposes of the committee are detailed on the terms of reference for the committee.

Attendance at meetings in the year was as follows:

Mr R Roberts	4	4
Mr L Reilly	4	4
Mr J Kirkman	3	4
Mrs C Wookey	1	4
Mr P Bryan	4	4
Mr S Haigh	2	4
Mrs K Roche	3	4
Mr R Immink	3	4
Mr M Bryan	3	4

The Audit and Compliance Committee is also a sub-committee of the main board of trustees. Its purpose is to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds. To promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement and promote the development of internal controls systems which will help satisfy the Governing Body that the Academy will achieve its objectives and targets and is operating. The other purposes of the committee are detailed on the terms of reference for the committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Kirkman	4	4
Mr D Pickering	4	4
Mr S Haigh	2	4
Mr W Hawkins	4	4

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Ensuring stringent tendering of capital improvement projects;
- Contracts have been increased to three years in order to reduce costs where it is felt to benefit the Academy;
- The Academy in-house catering service has the aim of providing excellent catering facilities for both students and staff with a non-profit arrangement. Due to the continual review of purchasing prices, we are able to maintain a varied and healthy eight week menu cycle at prices which have been held for over four years;
- The onsite uniform shop has a number of suppliers to ensure we receive best value and quality. Parents have not seen an increase in price in over four years. This is achieved by effective management of the various items for sale and negotiating the supplier's prices;
- The Academy regularly takes opportunities to work collaboratively. We work with the Ogden Trust to provide a Schools Science Partnership with other local schools;
- The utilisation of spare capacity of the Academy premises is maximised to generate revenue from lettings bookings. The Academy is adequately insured against exposure to risk;
- The Academy regularly reviews the staffing structure to ensure staff are efficiently deployed, are appropriately qualified and are experienced specialists and enthusiasts.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 South Lincolnshire Academies Trust for the year 1 September 2015 to 31 August 2016 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 Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and decided to continue with the appointment of Mr A Cushing FCCA as internal auditor for the period under review.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly 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.

The Internal Auditor assurance opinion is that the finance systems in operation remain good with outstanding features. The Internal Auditor delivered their schedule of work as planned. The quarterly system checks and testing were completed.

REVIEW OF EFFECTIVENESS

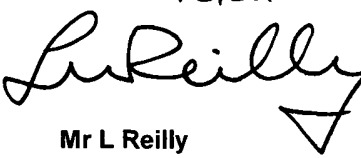
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 16/12/2016 and signed on their behalf, by:


Mr W Hawkins
Chair of Trustees


Mr L Reilly
Accounting Officer

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of South Lincolnshire Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Mr L Reilly
Accounting Officer

16/12/2016

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of South Lincolnshire Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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 of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 16/12/2016 and signed on its behalf by:



Mr W Hawkins
Chair of Trustees

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH LINCOLNSHIRE ACADEMIES TRUST

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

This report is made solely to the 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH LINCOLNSHIRE ACADEMIES TRUST

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at Long Bennington
Notts
NG23 5JR
Date: 19/11/2016

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 16 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Lincolnshire Academies Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF SOUTH LINCOLNSHIRE ACADEMIES TRUST'S ACCOUNTING
OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of South Lincolnshire Academies Trust's funding agreement with the Secretary of State for Education dated 10 March 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SOUTH
LINCOLNSHIRE ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

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.



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at Long Bennington
Notts
NG23 5JR

Date: 19/12/2016

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	8,386	26,134	34,520	313,003
Charitable activities	3	266,870	6,434,799	-	6,701,669	6,614,790
Other trading activities	4	64,085	-	-	64,085	59,138
Investments	5	2,754	-	-	2,754	2,559
TOTAL INCOME		333,709	6,443,185	26,134	6,803,028	6,989,490
EXPENDITURE ON:						
Raising funds		39,562	1,994	-	41,556	36,152
Charitable activities		267,566	6,597,201	66,925	6,931,692	6,747,601
TOTAL EXPENDITURE	7	307,128	6,599,195	66,925	6,973,248	6,783,753
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	26,581 (134,411)	(156,010) -	(40,791) 134,411	(170,220) -	205,737 -
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		(107,830)	(156,010)	93,620	(170,220)	205,737
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(799,000)	-	(799,000)	4,000
NET MOVEMENT IN FUNDS		(107,830)	(955,010)	93,620	(969,220)	209,737
RECONCILIATION OF FUNDS:						
Total funds brought forward		324,406	(821,086)	12,436,731	11,940,051	11,730,314
TOTAL FUNDS CARRIED FORWARD		216,576	(1,776,096)	12,530,351	10,970,831	11,940,051

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07559187

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	12		28,358		-
Tangible assets	13		12,545,560		12,480,180
			12,573,918		12,480,180
CURRENT ASSETS					
Stocks	14	27,886		19,542	
Debtors	15	183,279		142,837	
Cash at bank and in hand		612,774		788,021	
		823,939		950,400	
CREDITORS: amounts falling due within one year	16	(306,026)		(259,529)	
NET CURRENT ASSETS			517,913		690,871
TOTAL ASSETS LESS CURRENT LIABILITIES			13,091,831		13,171,051
Defined benefit pension scheme liability	22		(2,121,000)		(1,231,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			10,970,831		11,940,051
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	344,904		409,914	
Restricted fixed asset funds	17	12,530,351		12,436,731	
Restricted funds excluding pension liability		12,875,255		12,846,645	
Pension reserve		(2,121,000)		(1,231,000)	
Total restricted funds			10,754,255		11,615,645
Unrestricted funds	17		216,576		324,406
TOTAL FUNDS			10,970,831		11,940,051

The financial statements were approved by the Trustees, and authorised for issue, on 16/12/2016 and are signed on their behalf, by:

Mr W Hawkins
Chair of Trustees



The notes on pages 24 to 44 form part of these financial statements.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(19,643)</u>	<u>444,792</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,754	2,559
Purchase of tangible fixed assets		(130,000)	(614,679)
Purchase of intangible fixed assets		(28,358)	-
Net cash used in investing activities		<u>(155,604)</u>	<u>(612,120)</u>
Change in cash and cash equivalents in the year		(175,247)	(167,328)
Cash and cash equivalents brought forward		<u>788,021</u>	<u>955,349</u>
Cash and cash equivalents carried forward		<u><u>612,774</u></u>	<u><u>788,021</u></u>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

South Lincolnshire Academies Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

1.4 Expenditure

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

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

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

All resources expended are inclusive of irrecoverable VAT.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised as tangible fixed assets.

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

The Academy incurs significant repair and replacement costs such that the Trustees believe the property's residual value is not materially different to the cost. Accordingly no depreciation is charged.

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

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

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

L/Term Leasehold Property	-	Not depreciated
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	10% straight line
Computer equipment	-	25% straight line

1.7 Interest receivable

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 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.

1.13 Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

As explained in note 1.6 above, the Academy incurs significant repair and replacement costs such that the Trustees believe the property's residual value is not materially different to the cost. Accordingly no depreciation is charged.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	8,386	-	8,386	5,321
Capital Grants	-	-	26,134	26,134	307,682
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	8,386	26,134	34,520	313,003
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £313,003 was to restricted funds

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	5,849,290	5,849,290	5,857,257
Other DfE/EFA Grants	-	201,774	201,774	181,302
	-	6,051,064	6,051,064	6,038,559
Other government grants				
Local authority grants	-	208,079	208,079	149,817
	-	208,079	208,079	149,817
Other funding				
Catering income	241,750	-	241,750	201,640
Trip income	-	111,426	111,426	139,186
Other income	25,120	64,230	89,350	85,588
	266,870	175,656	442,526	426,414
	266,870	6,434,799	6,701,669	6,614,790

In 2015, of the total income from charitable activities, £219,195 was to unrestricted funds and £6,395,595 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	17,980	-	17,980	15,070
School fund income	449	-	449	-
Other income	1,358	-	1,358	-
Uniform shop sales	44,298	-	44,298	44,068
	64,085	-	64,085	59,138

In 2015, of the total income from other trading activities, £59,138 was to unrestricted funds and £ NIL was to restricted funds.

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5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	2,754	-	2,754	2,559

In 2015, of the total investment income, £2,559 was to unrestricted funds and £ NIL was to restricted funds.

6. CHARITABLE ACTIVITIES

	2016 £	2015 £
DIRECT COSTS		
Wages and salaries	3,894,341	3,860,438
National insurance	330,884	296,518
Pension costs	587,332	534,588
Depreciation	64,620	68,651
Other direct costs	484,170	563,308
	<u>5,361,347</u>	<u>5,323,503</u>
SUPPORT COSTS		
Wages and salaries	406,568	365,260
National insurance	21,991	20,615
Pension costs	130,841	197,402
Amortisation	2,305	-
Technology costs	6,745	789
Premises costs	393,050	403,373
Other support costs	534,321	415,624
Governance costs	26,524	21,035
	<u>1,522,345</u>	<u>1,424,098</u>
	<u><u>6,883,692</u></u>	<u><u>6,747,601</u></u>

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7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	4,839	-	36,717	41,556	36,152
Academy's educational operations:					
Direct costs	4,812,557	-	596,790	5,409,347	5,323,503
Support costs	559,400	393,050	569,895	1,522,345	1,424,098
	<u>5,376,796</u>	<u>393,050</u>	<u>1,203,402</u>	<u>6,973,248</u>	<u>6,783,753</u>

In 2016, of the total expenditure, £307,128 (2015 - £171,184) was to unrestricted funds and £6,666,120 (2015 - £6,612,569) was to restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	64,620	68,651
Amortisation of intangible fixed assets	2,305	-
Auditors' remuneration - audit	7,675	7,550
Auditors' remuneration - other services	538	-
Internal audit costs	1,500	1,500
Operating lease	<u>10,612</u>	<u>9,448</u>

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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,214,787	4,163,673
Social security costs	352,878	317,133
Operating costs of defined benefit pension schemes	718,173	731,990
	<u>5,285,838</u>	<u>5,212,796</u>
Supply teacher costs	90,958	62,025
	<u>5,376,796</u>	<u>5,274,821</u>

The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Teachers	85	86
Administration and Support	70	78
Management	11	11
	<u>166</u>	<u>175</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	80	80
Administration and Support	49	55
Management	11	11
	<u>140</u>	<u>146</u>

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

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

The above employees participated in the Teachers' Pension Scheme.

Included in staff costs is a non-statutory severance payment of £10,500 (2015 - £nil), relating to one payment made on termination of an employment contract during the year.

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The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £543,197 (2015 - £549,651).

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016 £	2015 £
Mr L Reilly	Remuneration	100,000-105,000	95,000-100,000
	Pension contributions paid	5,000-10,000	10,000-15,000
Mrs K Roche	Remuneration	20,000-25,000	25,000-30,000
	Pension contributions paid	0-5,000	5,000-10,000
Mr M Bryan	Remuneration	30,000-35,000	5,000-10,000
	Pension contributions paid	nil	nil
Mrs E Dilley	Remuneration	nil	50,000-55,000
	Pension contributions paid	nil	nil
Mrs S Jackson	Remuneration	nil	15,000-20,000
	Pension contributions paid	nil	0-5,000

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

11. 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 year ended 31 August 2016 was £2,551 (2015 - £2,662).

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12. INTANGIBLE FIXED ASSETS

	Computer software £
Cost	
At 1 September 2015	-
Additions	30,663
At 31 August 2016	30,663
Amortisation	
At 1 September 2015	-
Charge for the year	2,305
At 31 August 2016	2,305
Carrying amount	
At 31 August 2016	28,358
At 31 August 2015	-

13. TANGIBLE FIXED ASSETS

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	12,336,357	28,500	58,007	222,895	12,645,759
Additions	83,214	-	43,353	3,433	130,000
At 31 August 2016	12,419,571	28,500	101,360	226,328	12,775,759
Depreciation					
At 1 September 2015	-	26,000	15,972	123,607	165,579
Charge for the year	-	2,500	10,138	51,982	64,620
At 31 August 2016	-	28,500	26,110	175,589	230,199
Net book value					
At 31 August 2016	12,419,571	-	75,250	50,739	12,545,560
At 31 August 2015	12,336,357	2,500	42,035	99,288	12,480,180

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13. TANGIBLE FIXED ASSETS (continued)

The Academy's transactions relating to land and buildings included:

- Food tech expansion - £61,245;
- Toilet refurbishment - £20,595;
- Tennis court improvement - £1,374.

14. STOCKS

	2016 £	2015 £
Uniform stock	26,774	17,473
Catering stock	1,112	2,069
	<u>27,886</u>	<u>19,542</u>

15. DEBTORS

	2016 £	2015 £
Trade debtors	17,896	12,091
Other debtors	43,991	36,405
Prepayments and accrued income	121,392	94,341
	<u>183,279</u>	<u>142,837</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	56,669	1,088
Other taxation and social security	111,880	92,463
Other creditors	13,479	10,482
Accruals and deferred income	123,998	155,496
	<u>306,026</u>	<u>259,529</u>

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16. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	79,820	45,495
Resources deferred during the year	65,229	79,820
Amounts released from previous years	(79,820)	(45,495)
Deferred income at 31 August 2016	<u>65,229</u>	<u>79,820</u>

Deferred income relates to various trips/music lesson income received in advance.

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	324,406	333,709	(307,128)	(134,411)	-	216,576
Restricted funds						
General Annual Grant (GAG)	409,914	5,849,290	(5,914,300)	-	-	344,904
Other Restricted Funds	-	593,895	(593,895)	-	-	-
Pension Reserve	(1,231,000)	-	(91,000)	-	(799,000)	(2,121,000)
	<u>(821,086)</u>	<u>6,443,185</u>	<u>(6,599,195)</u>	<u>-</u>	<u>(799,000)</u>	<u>(1,776,096)</u>

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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Transfer from Local Authority on conversion	10,754,749	-	(2,375)	-	-	10,752,374
DfE/EFA capital grants	395,000	26,134	-	-	-	421,134
Other government grants	409,682	-	-	-	-	409,682
Capital expenditure from other sources including GAG	877,300	-	(64,550)	134,411	-	947,161
	<u>12,436,731</u>	<u>26,134</u>	<u>(66,925)</u>	<u>134,411</u>	<u>-</u>	<u>12,530,351</u>
Total restricted funds	11,615,645	6,469,319	(6,666,120)	134,411	(799,000)	10,754,255
Total of funds	<u>11,940,051</u>	<u>6,803,028</u>	<u>(6,973,248)</u>	<u>-</u>	<u>(799,000)</u>	<u>10,970,831</u>

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

Unrestricted Funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset Funds

Transfer from former school represents the land, buildings and assets transferred to the Academy from the Local Authority upon conversion.

DfE/EFA capital grants relates to an EFA Capital Maintenance Grant received.

Other government grants relates to a Section 106 grant from the Local Authority for four new classrooms.

Capital expenditure from other sources represents fixed asset expenditure transferred from other restricted and unrestricted income including GAG.

Restricted Revenue Funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

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17. STATEMENT OF FUNDS (continued)

Transfers between funds represent the use of brought forward free reserves being used to fund capital expenditure.

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Intangible fixed assets	-	-	28,358	28,358	-
Tangible fixed assets	-	-	12,545,560	12,545,560	12,480,180
Current assets	216,576	607,363	-	823,939	950,400
Creditors due within one year	-	(262,459)	(43,567)	(306,026)	(259,529)
Provisions for liabilities and charges	-	(2,121,000)	-	(2,121,000)	(1,231,000)
	<u>216,576</u>	<u>(1,776,096)</u>	<u>12,530,351</u>	<u>10,970,831</u>	<u>11,940,051</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(170,220)	205,737
Adjustment for:		
Depreciation charges	64,620	68,651
Dividends, interest and rents from investments	(2,754)	(2,559)
Increase in stocks	(8,344)	(4,985)
Increase in debtors	(40,442)	(863)
Increase in creditors	46,497	108,811
Defined benefit pension scheme cost less contributions payable	43,000	53,000
Defined benefit pension scheme finance cost	48,000	17,000
Net cash (used in)/provided by operating activities	<u>(19,643)</u>	<u>444,792</u>

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20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	612,774	788,021
Total	<u>612,774</u>	<u>788,021</u>

21. CONTINGENT LIABILITIES

The Academy had no contingent liabilities at the 31 August 2016.

In the event of South Lincolnshire Academies Trust ceasing to operate as an academy provisions are included in the funding agreement relating to the clawback of assets and monies paid to the academy.

22. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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22. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £492,922 (2015 - £428,578).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £252,000 (2015 - £260,000), of which employer's contributions totalled £196,000 (2015 - £204,000) and employees' contributions totalled £56,000 (2015 - £56,000). The agreed contribution rates for future years are 22.8% for employers and various% 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.
Lincolnshire Pension Fund

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Commutation of pensions to lump sums	63.00 %	63.00 %

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22. PENSION COMMITMENTS (continued)

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

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

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	1,550,000	1,095,000
Debt instruments	262,000	190,000
Property	201,000	175,000
Total market value of assets	<u>2,013,000</u>	<u>1,460,000</u>

The actual return on scheme assets was £60,000 (2015 - £32,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(239,000)	(257,000)
Net interest cost	(48,000)	(17,000)
Total	<u>(287,000)</u>	<u>(274,000)</u>

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22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	2,691,000	2,356,000
Current service cost	239,000	257,000
Interest cost	108,000	92,000
Contributions by employees	56,000	56,000
Actuarial losses/(gains)	1,053,000	(47,000)
Benefits paid	(13,000)	(23,000)
	<u>4,134,000</u>	<u>2,691,000</u>
Closing defined benefit obligation	<u>4,134,000</u>	<u>2,691,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,460,000	1,191,000
Return on plan assets (excluding net interest on the net defined pension liability)	60,000	75,000
Actuarial gains and (losses)	254,000	(43,000)
Contributions by employer	196,000	204,000
Contributions by employees	56,000	56,000
Benefits paid	(13,000)	(23,000)
	<u>2,013,000</u>	<u>1,460,000</u>
Closing fair value of scheme assets	<u>2,013,000</u>	<u>1,460,000</u>

23. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	10,798	10,612
Between 1 and 5 years	6,701	15,263
	<u>17,499</u>	<u>25,875</u>
Total	<u>17,499</u>	<u>25,875</u>

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24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of 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 Academy's financial regulations and normal procurement procedures.

Warners Group Publications, a business connected to W Hawkins, a trustee, received £350 from the academy for rewards postcards. No amount was outstanding at the year end.

26. POST BALANCE SHEET EVENTS

On 1 September 2016 the Academy became a Multi-Academy Trust.

On this date, Spalding Academy, formerly Sir John Gleed School, joined the trust.

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £10,898 and disbursed £10,660 from the fund. An amount of £10,153 is included in other creditors relating to undistributed funds that is repayable to EFA.

28. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.