

Lincoln Anglican Academy Trust

Registered number: 08737412

Annual report and financial statements

For the year ended 31 August 2016



Lincoln Anglican Academy Trust

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Lincoln Anglican Academy Trust

Reference and Administrative Details For the 12 months ended 31 August 2016

Trustees

Professor John Visser (Chair)
Reverend Canon Andrew Dodd (Vice Chair)
Gregory Marsden
Daryl Summers
Gillian Wright
Joanne Kerry
Trevor Hughes (appointed 16 September 2015)
Jeremy Woolner (appointed 8 February 2016)
Oliver Tasker (appointed 8 February 2016)
Barrie Shipley (appointed 9 August 2016)
Reverend Canon Keith Wilkinson (appointed 4 October 2016)
Jacqueline Waters-Dewhurst, Chief Executive

Members

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

Company registered number

08737412

Principal and registered office

Edward King House
Minster Yard
Lincoln
LN2 1PU

Senior Leadership Team

Central Team

Jacqueline Waters-Dewhurst, Chief Executive
Steve Stafford, Deputy Chief Executive
Leanne Holmes, Finance Director

Academies

Sandra Fawn, Headteacher, Canon Peter Hall
Chris Smith, Headteacher, Ulceby St Nicholas
Gareth Smith, Headteacher, Wainfleet Magdalen
Nick Newitt, Headteacher, Weston St Mary
Sonja Craig, Headteacher, William Lovell

Lincoln Anglican Academy Trust

Reference and Administrative Details For the 12 months ended 31 August 2016

Company secretary

No Company Secretary has been appointed. Resolution passed at Board Meeting 27/9/2013.

Advisers

Independent auditor

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

Bankers

Lloyds Bank LLP
202 High Street
Lincoln
LN5 7AP

Solicitors

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

Lincoln Anglican Academy Trust

Trustee's Report For the 12 months ended 31 August 2016

Introduction by the Chairman – Professor John Visser

I am delighted to present the annual report and accounts for the Lincoln Anglican Academy Trust. This has been a particularly exciting year for the Multi Academy Trust. We have made great strides in strengthening the position of our schools, both in terms of their academic standards and their longer term financial viability. Our central team has been enhanced with the addition of education, finance and HR specialists. At the same time, we have continued to focus on maintaining the schools' Christian uniqueness, which is right at the heart of everything that we do.

During the year, there have been a number of changes to the Trustee Board. At the start of the year, we welcomed Trevor Hughes, who as School Business Manager at William Farr School, brings a wealth of experience around the running of schools. Then February 2016 saw the appointments of both Oliver Tasker and Jerry Woolner. Oliver is a specialist employment solicitor, whilst Jerry is a management consultant and director of three companies providing educational and career development services. In August 2016, the Board was joined by Barrie Shipley, a qualified accountant who has held senior finance positions in both the education and public sectors. The final change to the Board in October 2016 was the appointment of The Reverend Canon Keith Wilkinson. Canon Wilkinson has undertaken Senior Leadership roles in a number of schools and has just retired from the position of Conduct and Senior Chaplain at Eton College.

This year has been particularly challenging for all of us in the education sector; not just those of us who work within it, but also for our pupils who are currently part of some of the biggest changes that have taken place for a long time. It is therefore with great pride that I have watched our schools responding to these enormous changes and I look forward to seeing the fruits of their efforts in this coming year

Chief Executive's Statement

During the 12 months ending August 2016, the Lincoln Anglican Academy Trust has delivered a solid financial performance against a backdrop of significant sector pressures. This year, we have taken the opportunity to consolidate our position, strengthen our central team and invest in new systems and processes to support our future growth. I am pleased to report that at the time of writing this report, we have been joined by an additional 5 schools, whilst several others have passed resolutions to join the organisation.

To reiterate John's earlier comments, it is true that our schools have faced significant pressures this year. However, within our schools, I have witnessed great positivity from both teachers and pupils alike. It has also been particularly pleasing to see just how many of the schools, despite all of these challenges, continue to think of others who are less well off than themselves. This year there were some great charitable efforts by the schools, including fundraising for Children in Need and supporting local food banks.

Despite all the difficulties, we must never lose sight of what sets us apart as an organisation. In the summer term, we introduced the "Understanding Christianity" programme to ensure that all our schools are equipped to support and develop those values which are at the heart of our organisation.

In May, our schools attended the Church Schools' Festival, which was a huge success. It was wonderful for our pupils to make friends with others in the diocese, as they attended and enjoyed a variety of workshops from candle-making to stone-masonry.

Finally, I would like to take this opportunity to thank the staff for all their hard work and dedication. It is their talent and commitment that allows the children within our organisation to flourish.

Lincoln Anglican Academy Trust

Strategic Report For the 12 months ended 31 August 2016

The Trustees, who are also directors of the company for the purposes of the Companies Act, present their annual report together with the financial statements and the auditor's report of the charitable company for the 12 months ending 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report and a Directors' report under company law.

During the year, the Multi Academy Trust operated five academies with a combined pupil roll of 900 within the area of the Diocese of Lincoln. Four of these academies are primary schools, the other is a secondary school.

Structure, governance and management

Constitution

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

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

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

Potential new trustees are identified by the Lincoln Anglican Academy Board, ensuring that the skills and expertise of new trustees are complementary to those existing on the Board. All Trustees are appointed by the Diocesan Board of Education, with the exception of one Methodist appointment.

Lincoln Anglican Academy Trust

Strategic Report

For the 12 months ended 31 August 2016

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

Organisational Structure

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

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

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

The existing Head's Executive Board will soon be joined by the Local Governing Board. The Heads' Executive Board is comprised of Head Teachers from each academy within the Lincoln Anglican Academy Trust and are intended to be both a way of educating Heads and also a way for them to contribute strategically to the direction of the Trust.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

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

Connected Parties and other Related Charities or Organisations

The Lincoln Anglican Academy Trust works very closely with the Lincoln Diocesan Board of Education. The Lincoln Diocesan Board of Education is and will continue to be a significant connected party to the development of the Trust. Maintaining this link is a commitment made by both parties as the Multi Academy Trust grows and develops. There is a sharing of staff and this will be charged for, at cost, once the Lincoln Anglican Academy Trust has sufficient and stable finances in place to ensure that the support given to its Church academies is not diminished.

Lincoln Anglican Academy Trust

Strategic Report

For the 12 months ended 31 August 2016

Objects and Activities

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

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

The main objectives of the Trust, carried out under the vision statement, during the period ending 31st August 2016 are summarised below:

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

Using a consistent quality assurance framework, the Trust will monitor, evaluate and review all leadership responsibilities in a consistent, open and supportive manner. The Trust will continue to drive forward the raising of standards within its academies through CPD and effective school improvement, allowing the sharing of best practice and enabling learning from one another and from the best practice outside of the trust.

The Trust will develop structures to support and safeguard our students, identifying barriers to learning and providing appropriate interventions through the use of internal procedures and external agencies.

The Trust offers excellent development opportunities for its employees, ensuring that they are able to maximise their own potential, whilst continuing to serve their pupils to the best of their abilities. The Lincoln Anglican Academy Trust actively seeks to develop the Talent within the organisation to provide staff with training and opportunities which enable staff and the Trust to manage their career aspirations. Working within the context of a larger organisation enables staff to make a wider contribution and to develop their skills in mutually supported environments.

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

Lincoln Anglican Academy Trust

Strategic Report

For the 12 months ended 31 August 2016

Public Benefit

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

Achievements and performance

The year ended 2016 saw a substantial growth in the central Multi Academy Trust team, including the appointment of a Deputy Chief Executive, an in-house Finance team, an HR Adviser and Learning and Development Advisor. This is to improve the level of service that the Trust provides to its schools and to allow for further growth of the organisation.

This year, primary schools saw the introduction of new Key Stage 2 tests for Year 6 in reading, writing, mathematics and spelling and grammar. The new style tests are more challenging for pupils and have increased the workload yet further for teachers. However, it has been pleasing to see that the Trust's schools have embraced the changes.

The table below sets out the progress indicators for each primary school against national benchmarks:

	Canon Peter Hall	Ulceby St Nicholas	Wainfleet Magdalen	Weston St Mary	
Pupils on Roll	200	100	190	46	
Ofsted Report	Good - October 2011	Special Measures – March 2013	Requires Improvement – February 2011	Serious Weaknesses - October 2013	
KS2 Progress:					Floor Standard for Progress
Reading	-4.4	-5.3	-0.7	-10.3	-5.0
Writing	2.6	1.4	4.2	-15.8	-7.0
Maths	0.4	4.9	-0.8	-12.0	-5.0

With the exception of Weston St Mary, pupils have generally made better progress than the national floor standard, with writing in particular standing out as a success story for the schools. For these schools, reading will remain a particular area of focus.

The results for Weston St Mary are for a cohort of just 6 pupils. The recruitment and retention of high quality teachers has proved challenging to date, although the school now has a stable staff team.

The table below sets out the provisional KS4 results for the William Lovell Academy for 2016:

	William Lovell	National Average
Pupils on Roll	364	
Ofsted Report	Good – June 2013	
KS4 Progress:		
% of pupils achieving English and Maths GCSE grades A*-C	44%	58.7%
Attainment 8 Score	40.5	48.2

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Strategic Report

For the 12 months ended 31 August 2016

The Lincoln Anglican Academy Trust is continuing to work with the schools to drive forward standards of education. A Schools' Effectiveness Advisor has been appointed and is due to start in January 2017 to further support these aims. Furthermore, a new schools' testing package has been rolled out to schools to assist with monitoring and identifying areas for improvement.

Financial Performance Indicators

2016

Canon Peter Hall

Number on role	200
Staff costs % total income	67%
Staff: Pupil ratio	1:18

Ulceby St Nicholas

Number on role	100
Staff costs % total income	72%
Staff: Pupil ratio	1:15

Wainfleet Magdalen

Number on role	190
Staff costs % total income	80%
Staff: Pupil ratio	1:24

Weston St Mary

Number on role	46
Staff costs % total income	77%
Staff: Pupil ratio	1:15

William Lovell

Number on role	364
Staff costs % total income	78%
Staff: Pupil ratio	1:16

Going Concern

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

Lincoln Anglican Academy Trust

Strategic Report

For the 12 months ended 31 August 2016

Financial review

Reserves Policy

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

For the purposes of the reserves policy, the reserves balance excludes restricted fixed assets funds and liabilities arising from the Local Government Pension Schemes (LGPS). The overall target range for the level of reserves to be carried is between £785,000 and £1,320,000. Each school should maintain reserves equal to between one and two months' worth of operating expenditure.

The Trust's actual reserves position at the end of August 2016 is £9,181,071, of which £11,263,253 is restricted fixed assets, leaving a total deficit reserve balance of both restricted and unrestricted funds of £2,082,182, including a pension deficit of £2,864,000. However, the LGPS liability will not materialise in the near future and therefore actual reserve funding available to the Trust excluding the LGPS liability is £781,818, of which £469,788 is unrestricted funding and £312,030 is restricted funding.

Investment Policy

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

Risk Management

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

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

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

Principal Risks and Uncertainties

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

Operational Risk – The risk of school standards not being in line with expectations. School standards are monitored and reported to the Board on a regular basis and action plans implemented for those schools that are not performing in line with required standards.

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

Lincoln Anglican Academy Trust

Strategic Report

For the 12 months ended 31 August 2016

Financial Risk -The structure of the Trust's central team has been created in order to provide a high quality range of services to its component schools. At present, the Trust's central function generates a cash deficit and this position is not sustainable. A growth plan has been prepared that will ensure the long term viability of the Trust and ensure that it has the capacity to deliver an even higher quality service to a greater number of schools. **Legal and Compliance Risk** – The organisation is subject to numerous legislative requirements, for which comprehensive policies and procedures are in place.

External Factors - The future level of funding of education is uncertain in the current economic climate and changes arising from the Fairer Funding Consultation are likely to impact significantly on schools in the north of the county, in particular. The Trustees will continue to engage with the DfE when opportunities arise. In the meantime, the Senior Leadership Team will work with member schools to ensure that they are able to meet the financial challenges that may arise.

The Trust's exposure to institutional credit risk is managed through internal restrictions on how funds can be invested. Exposure to price and credit risk is low, as much of the Trust's income is derived from the Education Funding Agency and Local Authorities.

There are substantial deficits within the Local Government Pension Schemes, as described in note 26 to the financial statements. Over the course of the year, the deficit has grown considerably, mainly as a result of low corporate bond yields. The deficit is subject to periodic actuarial review and regular monitoring by the Trustees.

Principal Funding

Much of the Lincoln Anglican Academy Trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grant received from the Department for Education during the year ending 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Plans for future periods

The Trustees believe that a large-scale growth of the Lincoln Anglican Academy Trust will both raise educational standards and preserve church school education within the Diocese of Lincoln. To this purpose, the Trustees have developed a comprehensive model of growth which allows for large numbers of schools to join the Trust and be grouped into Regional Hubs. By bringing large numbers of high performing schools into the Trust, the capacity will be increased so that the organisation is equipped to take on more academies.

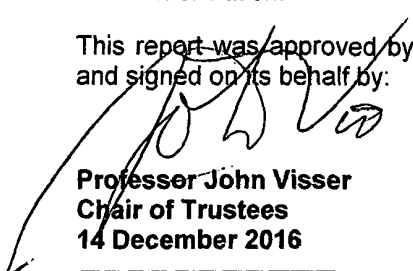
To this end, in September 2016, the Trust was delighted to welcome four new schools, with a further school joining in October 2016. This brings the total number of Academies within the Trust to 10.

Disclosure of information to auditor

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

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

This report was approved by order of the board of trustees as the company directors, on 7 December 2016 and signed on its behalf by:



Professor John Visser
Chair of Trustees
14 December 2016

Lincoln Anglican Academy Trust

Governance Statement

For the 12 months ended 31 August 2016

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Lincoln Anglican Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Professor John Visser (Chair)	3	4
Reverend Canon Andrew Dodd (Vice Chair)	4	4
Gregory Marsden	4	4
Daryl Summers	4	4
Gillian Wright	3	4
Joanne Kerry	2	4
Trevor Hughes (appointed 16 September 2015)	0	2
Jeremy Woolner (appointed 8 February 2016)	2	2
Oliver Tasker (appointed 8 February 2016)	1	2
Barrie Shipley (appointed 9 August 2016)	0	0
Reverend Canon Keith Williamson (appointed 1 November 2016)	0	0
Jacqueline Waters-Dewhurst, Chief Executive	3	4

The Finance Committee is a sub-Committee of the Board of Trustees. Its purpose is to review and make recommendations about all aspects of the Lincoln Anglican Academy Trust's financial affairs. The Deputy Chief Executive and Finance Director attend by invitation. During the year, Barrie Shipley, a qualified accountant, joined the Finance Committee, along with Jerry Woolner.

Matters determined by the Finance Committee during the year included recommending the approval of the annual budget for 2016/17 and replacing the outsourced Finance Team with an in-house service.

Lincoln Anglican Academy Trust

Governance Statement For the 12 months ended 31 August 2016

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

Trustee	Meetings attended	Out of a possible
Gregory Marsden (Finance Committee Chair)	6	6
Gillian Wright (Finance Committee Vice Chair)	5	5
Trevor Hughes	6	6
Jeremy Woolner	1	1
Daryl Summers	2	2
Reverend Canon Andrew Dodd	0	1
Joanne Kerry	0	1
Oliver Tasker	1	1
Barrie Shipley	0	0
Jacqueline Waters-Dewhurst, Chief Executive	3	3

The Purpose of the System of Financial Control

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

The Risk and Control Framework

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

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

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

Lincoln Anglican Academy Trust

Governance Statement

For the 12 months ended 31 August 2016

Review of Effectiveness

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

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

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

Review of Value for Money

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

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

Replacing external financial consultants with an in-house team. This will drive up the quality of service for schools, as well as enabling the Trust to have sufficient resources for its medium-term growth plans.

Appointing additional HR support to improve the service provided to Schools and reduce reliance on external HR specialists.

Appointing a Schools' Effectiveness Advisor due to start with the Trust in January 2017. This will enable a much better quality of support to be provided to the Schools in return for the management fees that they pay to the Trust.

Approved by order of the members of the Board of Trustees on 14 December 2016 and signed on their behalf, by:



Professor John Visser
Chair of Trustees



Jacqueline Waters-Dewhurst
Accounting Officer

Lincoln Anglican Academy Trust

Statement on Regularity, Propriety and Compliance For the 12 months ended 31 August 2016

As Accounting Officer of the Lincoln Anglican Academy Trust, I have considered my responsibility to notify the 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 Multi Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2015.

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



Jacqueline Waters-Dewhurst
Accounting Officer

14 December 2016

Lincoln Anglican Academy Trust

Statement of Trustees' Responsibilities For the year ended 31 August 2016

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

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

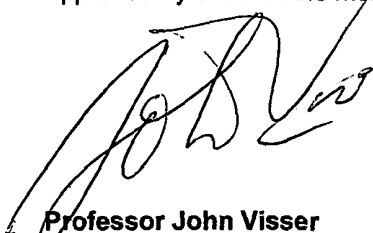
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 (FRS 102) and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 14 December 2016 and signed on its behalf by:



Professor John Visser
Chair of Trustees

Lincoln Anglican Academy Trust

We have audited the financial statements of Lincoln Anglican Academy Trust for the Year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Multi Academy Trust 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. This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

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 the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Multi Academy Trust'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, including the Financial Reporting Standard 102, 'FRS102';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on Other Matter prescribed by the Companies Act 2006

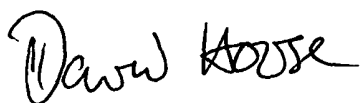
In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Lincoln Anglican Academy Trust

Matters on which we are required to report by exception

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

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



David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date: 14 December 2016

Lincoln Anglican Academy Trust

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

In accordance with the terms of our engagement letter dated 28 July 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Anglican Academy 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 Lincoln Anglican Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lincoln Anglican Academy Trust and the 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 Lincoln Anglican Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Lincoln Anglican Academy Trust's funding agreement with the Secretary of State for Education dated 24 December 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 Multi Academy Trust's income and expenditure.

Lincoln Anglican Academy Trust

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

Conclusion

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



David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 14 December 2016

Lincoln Anglican Academy Trust

Statement of Financial Activities for the year ended 31 August 2016

(including Income and Expenditure Account)

						Restated
		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
	Note	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	18,774	3,731	33,364	55,869	162,499
Transfer from Local Authority on conversion	2	-	-	-	-	1,058,732
Transfer of existing academy	2	-	-	-	-	5,418,460
Charitable activities:						
Funding for the Multi Academy Trust's educational operations	3	-	5,845,706	-	5,845,706	4,579,070
Other trading activities	4	143,264	23,561	-	166,825	185,003
Investments	5	1,296	-	-	1,296	813
Total		163,334	5,872,998	33,364	6,069,696	11,404,577
Expenditure on:						
Charitable activities:						
Multi Academy Trust's educational operations	6,7	129,037	6,179,489	277,658	6,586,184	4,717,890
Total		129,037	6,179,489	277,658	6,586,184	4,717,890
Net income / (expenditure)		34,297	(306,491)	(244,294)	(516,488)	6,686,687
Transfers between funds	18	-	(174,553)	174,553	-	-
Other recognised (losses) / gains:						
Actuarial (losses)/ gains on defined benefit pension schemes	18,26	-	(879,000)	-	(879,000)	98,000
Net movement in funds		34,297	(1,360,044)	(69,741)	(1,395,488)	6,784,687
Reconciliation of funds						
Total funds brought forward		435,491	(1,191,926)	11,332,994	10,576,559	3,791,872
Total funds carried forward		469,788	(2,551,970)	11,263,253	9,181,071	10,576,559

All income is derived from continuing operations.

The notes on pages 23 to 45 form an integral part of these financial statements.

Lincoln Anglican Academy Trust

Balance Sheet as at 31 August 2016

		2016	2016	Restated	Restated
	Notes	£	£	2015	2015
				£	£
Fixed assets					
Intangible assets	12		30,228		11,371
Tangible assets	13		11,269,340		11,361,935
Current assets					
Stock	14	1,607		-	
Debtors	15	224,859		483,375	
Cash at bank and in hand		1,058,563		1,089,712	
		<u>1,285,029</u>		<u>1,573,087</u>	
Liabilities					
Creditors: Amounts falling due within one year	16	(504,254)		(484,042)	
Net current assets			<u>780,775</u>		<u>1,089,045</u>
Total assets less current liabilities			<u>12,080,343</u>		<u>12,462,351</u>
Creditors: Amounts falling due after more than one year	17	(35,272)		(37,792)	
Net assets excluding pension liability			<u>12,045,071</u>		<u>12,424,559</u>
Defined benefit pension scheme liability	26	(2,864,000)		(1,848,000)	
Total assets			<u>9,181,071</u>		<u>10,576,559</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	11,263,253		11,332,994	
. Restricted income fund	18	312,030		656,074	
. Pension reserve	18	(2,864,000)		(1,848,000)	
Total restricted funds			<u>8,711,283</u>		<u>10,141,068</u>
Unrestricted income funds	18		<u>469,788</u>		<u>435,491</u>
Total funds			<u>9,181,071</u>		<u>10,576,559</u>

The notes on pages 23 to 45 form an integral part of these financial statements.

The financial statements were approved by the trustees, and authorised for issue on 14 December 2016 and are signed on their behalf by:


Professor John Visser
Chair of the Trustees

Lincoln Anglican Academy Trust

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £	Restated 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	131,495	223,482
Cash flows from investing activities	23	(162,644)	(93,107)
Cash flows from financing activities	24	-	40,312
Cash transferred on conversion to an academy trust		-	493,020
Change in cash and cash equivalents in the reporting period		<u>(31,149)</u>	<u>663,707</u>
Cash and cash equivalents at 1 September 2015		1,089,712	426,005
Cash and cash equivalents at the 31 August 2016	24	<u>1,058,563</u>	<u>1,089,712</u>

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

These financial statements are the first financial statements of The Lincoln Anglican Academy 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 The Lincoln Anglican Academy 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 below.

Explanation of transition to FRS 102

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

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

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

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £000
Net income/(expenditure) previously reported under UK GAAP		6,702,687
Change in recognition of LGPS interest cost	A	(16,000)
Net movement in funds reported under FRS 102		<u>6,686,687</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP, the Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £16,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

Going Concern

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

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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**

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent to which the Multi Academy Trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

Expenditure on Charitable Activities

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

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

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

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

Tangible Fixed Assets

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

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

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

- Long leasehold buildings **2%**
- Fixtures, fittings and equipment **25%**
- Computer equipment **33%**

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

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

Land and buildings held by the Diocesan Trust & Board of Finance Limited on trust and made available to the academies are included in land and buildings at the value attributed to them by the Education Funding Agency. This treatment reflects the substance of the terms of occupation, and that the intention of the Diocesan Trust & Board of Finance Limited is understood to be to continue to make the properties available to the trust without rental charge for the long term.

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

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

Liabilities

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

Provisions

Provisions are recognised when the Multi Academy Trust has a present legal or constructive obligation as a result of past events. It is likely that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Leased Assets

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

Stock

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

Taxation

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

Accordingly, the Multi Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that are used around pensions in particular have the potential to result in material adjustment to the carrying amounts of assets and liabilities and this is discussed below.

The present value of the Local Government Pension Schemes' defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 Donations and Capital grants

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Capital Grants	-	33,364	33,364	162,499
Donations from Local Authority on conversion	-	-	-	1,058,732
Donations upon transfer of existing academy	-	-	-	5,418,460
Donated fixed assets	-	-	-	-
Donations	18,774	3,731	22,505	-
	<u>18,774</u>	<u>37,095</u>	<u>55,869</u>	<u>6,639,691</u>

In 2015, of the total income from donations and capital grants, £NIL was to unrestricted funds and £6,639,691 to restricted funds.

3 Funding for the Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
DfE / EFA grants				
. General Annual Grant (GAG)	-	5,003,230	5,003,230	3,728,766
. Start Up Grants	-	113,503	113,503	78,213
. Other DfE/EFA grants	-	556,834	556,834	558,440
	<u>-</u>	<u>5,673,567</u>	<u>5,673,567</u>	<u>4,365,419</u>
Other Government grants				
. Local authority grants	-	172,139	172,139	213,651
	<u>-</u>	<u>172,139</u>	<u>172,139</u>	<u>213,651</u>
	<u>-</u>	<u>5,845,706</u>	<u>5,845,706</u>	<u>4,579,070</u>

In 2015, of the funding for the Multi Academy Trust's educational operations, £NIL was to unrestricted funds and £4,579,070 was to restricted funds.

4 Other Trading Activities

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Hire of facilities	4,872	-	4,872	18,215
Sale of goods	2,635	-	2,635	4,863
Staff insurance income	-	23,561	23,561	12,026
Catering income	76,841	-	76,841	42,016
Trip income	44,290	-	44,290	26,762
Other incoming resources	14,626	-	14,626	81,121
	<u>143,264</u>	<u>23,561</u>	<u>166,825</u>	<u>185,003</u>

In 2015, of the total income from other trading activities, £167,666 was to unrestricted funds and £17,337 was to restricted funds.

5 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Bank interest receivable	1,296	-	1,296	813
	<u>1,296</u>	<u>-</u>	<u>1,296</u>	<u>813</u>

In 2015, of the total investment income, £813 was to unrestricted funds and £NIL was to restricted funds.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2016	2015
	£	£	£	£	£
Multi Academy Trust's educational operations:					
. Direct costs	3,821,090	271,043	499,519	4,591,652	3,101,799
. Allocated support costs	865,559	284,466	844,507	1,994,532	1,616,091
	<u>4,686,649</u>	<u>555,509</u>	<u>1,344,026</u>	<u>6,586,184</u>	<u>4,717,890</u>

In 2015, of the total direct expenditure, £2,459,706 related to staff costs, £232,848 related to premises costs and £409,245 related to other expenditure.

In 2015, of the total support costs, £781,113 related to staff costs, £238,598 related to premises costs and £596,380 related to other expenditure.

Net income/(expenditure) for the period includes:

	2016	2015
	£	£
Operating lease rentals	19,418	36,121
Depreciation	264,739	232,848
Amortisation of intangible fixed assets (included within Charitable Activities – Multi Academy Trust's educational operations)	5,723	-
Fees payable to External Auditor for:		
- Audit of financial statements	17,850	17,500
- Other services	2,140	4,650
Fees payable to Internal Auditor for:		
- Internal audit fees	<u>7,360</u>	<u>-</u>

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

7 Support Costs

Analysis of support costs	Educational operations	Total 2016	Total 2015
	£	£	£
Support staff costs	865,559	865,559	781,113
Depreciation	-	-	-
Technology costs	19,183	19,183	42,820
Premises costs	284,466	284,466	275,971
Other support costs	761,722	761,722	372,614
Governance costs	63,602	63,602	143,573
Total support costs	1,994,532	1,994,532	1,616,091

In 2015, all of the total support costs of £1,616,091 related to Educational operations.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

8 Staff Costs

a. Staff costs during the period were as follows:

	Total 2016 £	Total 2015 £
Wages and salaries	3,528,517	2,494,238
Social security costs	257,788	155,429
Operating costs of defined benefit pension schemes	664,102	446,238
	4,450,407	3,095,905
Supply staff costs	117,985	144,914
Staff restructuring costs	118,257	-
	4,686,649	3,240,819
Staff restructuring costs comprise:		
Redundancy payments	54,257	-
Severance payments	64,000	-
	118,257	-

b Staff numbers

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

	2016 No.	2015 No.
Teachers	54	51
Administration and support	135	85
Management	6	6
	195	142

c Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	1	2

d Key management personnel

The key management personnel of the Multi Academy Trust comprises the Trustees and the Senior Leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £387,761 (2015: £279,989).

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

9 Related Party Transactions - Trustees' Remuneration and Expenses

No Trustees have been paid remuneration from their employment with the Trust in the year ended August 2016 (2015: remuneration between £25,000 to £30,000 was paid to Laura Capindale).

During the year ended 31 August 2016, travel and subsistence expenses totalling £1,820 were reimbursed or paid directly to 3 trustees (2015: £NIL).

10 Trustees' and Officers' Insurance

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

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

11 Central Services

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

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

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

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Canon Peter Hall Church of England Primary School	49,545	57,235
Ulceby St Nicholas Church of England Primary School	24,724	39,804
Magdalen Church of England and Methodist Primary School	41,547	62,307
Weston St. Mary's Church of England Primary School	13,828	15,997
William Lovell Church of England Academy	118,952	55,765
	248,596	231,108

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

12 Intangible Fixed Assets

	Computer Software	Total
	£	£
Cost		
At 1 September 2015	16,836	16,836
Additions	25,160	25,160
At 31 August 2016	41,996	41,996
Amortisation		
At 1 September 2015	5,465	5,465
Charged in year	6,303	6,303
At 31 August 2016	11,768	11,768
Carrying amount		
At 31 August 2015	11,371	11,371
At 31 August 2016	30,228	30,228

13 Tangible Fixed Assets

	Land and Buildings	Property Improvements	Furniture and Equipment	Computer Hardware	Total
	£	£	£	£	£
Cost					
At 1 September 2015	11,405,432	-	152,268	58,646	11,616,346
Additions	42,792	4,829	90,056	34,467	172,144
At 31 August 2016	11,448,224	4,829	242,324	93,113	11,788,490
Depreciation					
At 1 September 2015	213,393	-	17,153	23,865	254,411
Charged in year	202,124	280	37,917	24,418	264,739
At 31 August 2016	415,517	280	55,070	48,283	519,150
Net book values					
At 31 August 2015	11,192,039	-	135,115	34,781	11,361,935
At 31 August 2016	11,032,707	4,549	187,254	44,830	11,269,340

Included in land and buildings is land at valuation of £1,391,000 (2015 - £1,391,000) which is not depreciated.

Land and buildings that are held by the Diocesan Trust & Board of Finance Limited on trust and made available to the academies is included in the land and buildings figure above at the value attributed to them by the Education Funding Agency. This treatment reflects the substance of the terms of the occupation, in that the intention of the Diocesan Trust & Board of Finance Limited is understood to be to continue to make the properties available to the Trust without rental charge for the foreseeable future.

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

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

14 Stock

	2016	2015
	£	£
Clothing	1,607	-

15 Debtors

	2016	2015
	£	£
Trade debtors	4,382	18,388
VAT recoverable	38,914	294,580
Prepayments and accrued income	181,563	170,407
	224,859	483,375

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

16 Creditors: Amounts Falling due within one year

	2016	2015
	£	£
Trade creditors	92,097	227,317
Other taxation and social security	74,163	61,316
Other creditors	53,975	44,538
Accruals and deferred income	278,979	148,351
Other loans	5,040	2,520
	504,254	484,042

Deferred income	2016	2015
	£000	£000
Deferred income at 1 September 2015	90,090	94,570
Released from previous years	(90,090)	(94,570)
Resources deferred in the year	60,555	90,090
Deferred Income at 31 August 2016	60,555	90,090

Deferred income held at 31 August 2016, relates to the following:

Conversion grant	£11,497
Universal Infant Free School Meals funding relating to 2016/17	£31,484
Rates reimbursements relating to 2016/17	£11,831
SEN funding relating to 2016/17	£4,025
Income received in advance of trips	£1,718

Included within other creditors is a loan of £5,040 from Salix which is provided interest free.

17 Creditors: Amounts Falling due in greater than one year

	2016	2015
	£	£
Other Creditors	35,272	37,792
	35,272	37,792

Included within other creditors is a loan of £35,272 from Salix which is provided on an interest free basis over a period of eight years. The loan is being repaid through biannual instalments of £2,520.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

18 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	656,074	5,003,230	(5,275,328)	(149,393)	234,583
Start Up Grant	-	113,503	(88,343)	(25,160)	-
Pupil Premium	-	463,307	(385,860)	-	77,447
Other DfE/EFA grants	-	93,526	(93,526)	-	-
Other grants	-	199,431	(199,431)	-	-
Pension reserve	(1,848,000)	-	(137,000)	(879,000)	(2,864,000)
	(1,191,926)	5,872,997	(6,179,488)	(1,053,553)	(2,551,970)
Restricted fixed asset funds					
Transfer on conversion	11,105,865	-	(228,780)	-	10,877,085
DfE/EFA capital grants	-	33,364	(6,615)	(22,751)	3,998
Purchased fixed assets	267,441	-	(42,263)	197,304	422,482
Salix loan	(40,312)	-	-	-	(40,312)
	11,332,994	33,364	(277,658)	174,553	11,263,253
Total restricted funds	10,141,068	5,906,361	(6,457,146)	(879,000)	8,711,283
Total unrestricted funds	435,491	163,334	(129,037)	-	469,788
Total funds	10,576,559	6,069,695	(6,586,183)	(879,000)	9,181,071

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

Restricted general funds

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

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

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

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

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

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

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

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

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Canon Peter Hall Church of England Primary School	161,718	131,109
Ulceby St Nicholas Church of England Primary School	37,773	5,668
Magdalen Church of England and Methodist Primary School	38,084	158,444
Weston St. Mary's Church of England Primary School	64,660	79,989
William Lovell Church of England Academy	419,916	422,277
Central services	59,667	294,076
Total before fixed assets and pension reserve	781,818	1,091,563
Restricted fixed asset fund	11,263,253	11,332,995
Pension reserve	(2,864,000)	(1,848,000)
Total	9,181,071	10,576,558

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2016 £000	Total 2015 £000
Canon Peter Hall Church of England Primary School	709,405	160,737	83,596	212,967	1,166,705	1,105,711
Ulceby St Nicholas Church of England Primary School	339,464	40,293	29,286	108,014	517,057	469,481
Magdalen Church of England and Methodist Primary School	714,228	176,077	59,693	155,056	1,105,054	917,286
Weston St. Mary's Church of England Primary School	231,715	49,134	21,618	60,064	362,531	314,652
William Lovell Church of England Academy	1,810,089	296,964	142,371	345,191	2,594,615	1,092,914
Central services	-	158,545	16,817	383,818	559,180	-
Multi Academy Trust	3,804,901	881,750	353,381	1,265,110	6,305,142	3,900,044

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds	Total Funds
	2016	2016	2016	2016	2015
	£	£	£	£	£
Intangible fixed assets	-	-	30,228	30,228	11,371
Tangible fixed assets	-	-	11,269,340	11,269,340	11,361,934
Current assets	469,788	811,244	3,997	1,285,029	1,573,087
Current liabilities	-	(499,214)	(5,040)	(504,254)	(484,042)
Non-current liabilities	-	-	(35,272)	(35,272)	(37,792)
Pension scheme liability	-	(2,864,000)	-	(2,864,000)	(1,848,000)
Total net assets	469,788	(2,551,970)	11,263,253	9,181,071	10,576,558

20 Commitments under operating leases

Operating Leases

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

	2016	2015
	£	£
Amounts due within one year	19,196	20,960
Amounts due between one and five years	24,480	43,161
Amounts due after five years	-	514
	43,676	64,635

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(516,488)	6,686,687
Adjusted for:		
Transfer on Conversion	-	(6,477,192)
Amortisation (note 12)	6,303	5,487
Depreciation charges (note 13)	264,739	227,361
Capital grants from DfE and other capital income	(33,364)	(162,499)
Interest receivable (note 6)	(1,296)	(813)
Defined benefit pension scheme finance cost (note 26)	137,000	109,000
(Increase)/decrease in stocks	(1,607)	3,842
Decrease/(increase) in debtors	258,516	(296,364)
Increase in creditors	17,692	127,973
Net cash provided by Operating Activities	131,495	223,482

22 Cash Flows from Financing Activities

	2016	2015
	£	£
Cash inflows from new borrowing	-	40,312
Net cash provided by financing activities	-	40,312

23 Cash Flows from Investing Activities

	2016	2015
	£	£
Dividends, interest and rents from investments	1,296	813
Purchase of intangible fixed assets	(25,160)	(1,410)
Purchase of tangible fixed assets	(172,144)	(255,009)
Capital grants from DfE/EFA	33,364	162,499
Net cash (used in) investing activities	(162,644)	(93,107)

24 Analysis of Cash and Cash Equivalents

	At 31 August 2016	At 31 August 2015
	£	£
Cash in hand and at bank	1,058,563	1,089,712
Total cash and cash equivalents	1,058,563	1,089,712

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

25 Members' Liability

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

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

26 Pension and Similar Obligations

The Multi Academy Trust's employees belong to three principal pension schemes. Academic and related staff belong to the Teachers' Pension Scheme England and Wales (TPS), whilst non teaching staff are able to join the Local Government Pension Schemes (LGPS) operated by either Lincolnshire County Council or East Riding Council. These schemes are multi-employer defined benefit pension schemes.

Teachers' Pension Scheme

Introduction

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

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

The Multi Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme.

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 and is available on the TPS website. The key elements of the valuation and subsequent consultation are:

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

The pension costs paid to TPS in the period amounted to £515,805. Amounts outstanding at the end of the year in respect of the TPS totalled £22,161.

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

26 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The Lincolnshire and East Riding Local Government Pension Schemes are funded defined benefit pension schemes, with the assets held in separate trustee-administered funds. Contributions are set by the independent qualified Actuary appointed by the Councils, on the basis of triennial valuations. The last valuation for both schemes was carried out on 31 March 2016.

Total contributions made for the year ended 31 August 2016 in respect of the scheme was £333,000 (2015: £232,000), of which employer's contributions totalled £265,000 (2015: £182,000) and employees' contributions totalled £68,000 (2015: £50,000). The amount outstanding at the end of the year was £27,474. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.15%	4.10%
Rate of increase for pensions in payment/inflation	2.08%	2.70%
Discount rate for scheme liabilities	2.07%	3.80%
Inflation assumption (CPI)	2.08%	2.70%
Commutation of pensions to lump sums	45.0%	45.0%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.1	22.2
Females	24.3	24.4
<i>Retiring in 20 years</i>		
Males	24.4	24.4
Females	26.8	26.8

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	1,517,000	1,021,000
Debt instruments	249,000	169,000
Property	202,000	161,000
Cash	13,000	11,000
Total market value of assets	1,981,000	1,362,000

The actual return on scheme assets was £114,000 (2015: £126,000).

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Amounts recognised in the statement of financial activities

	2016	2015
	£000	£000
Current service cost (net of employee contributions)	(323,000)	(245,000)
Net interest cost	(69,000)	(46,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(10,000)	-
Total operating charge	<u>(402,000)</u>	<u>(291,000)</u>

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

	2016	2015
	£'000	£'000
At 1 September 2015	3,210,000	2,994,000
Current service cost	323,000	245,000
Interest cost	126,000	74,000
Employee contributions	68,000	50,000
Actuarial (gain)/loss	1,119,000	(150,000)
Benefits paid	(11,000)	(3,000)
Plan introductions, benefit changes, curtailments and settlements	10,000	-
At 31 August 2016	<u>4,845,000</u>	<u>3,210,000</u>

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

	2016	2015
	£'000	£'000
At 1 September 2015	1,362,000	1,157,000
Interest income	57,000	28,000
Return on plan assets (excluding net interest on the net defined pension liability)	240,000	(52,000)
Actuarial gain/(loss)		
Employer contributions	265,000	182,000
Employee contributions	68,000	50,000
Benefits paid	(11,000)	(3,000)
At 31 August 2016	<u>1,981,000</u>	<u>1,362,000</u>

Lincoln Anglican Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

27 Related Party Transactions

Owing to the nature of the Multi Academy Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's finance policy. The following related party transaction took place in the period of account:

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

- Lincoln Diocesan Board of Education charged the Lincoln Anglican Academy Trust a total of £23,011 (2015: £540) for various services provided to it during the period. There was a balance of £10,174 outstanding at 31 August 2016 (2015: £540).
- Lincoln Diocesan Board of Education charged the Lincoln Anglican Academy Trust a total of £50,000 (2015: £NIL) for the use of the offices made available to the Trust during the period. There was a balance of £50,000 outstanding at 31 August 2016 (2015: £NIL)

The Trustees are aware of the relationship of husband and wife between the head teacher of one of the academies (Mrs Craig) and an employee of the academy (Mr Craig). The Trustees are not aware of any issues giving rise to any conflict of interest or anything detracting from the individual professionalism of the two members of staff. The appointment was made following ordinary procedures and Mr Craig's remuneration was £16,451 per annum.