

Registration number: 07647805

The Lincolnshire Educational Trust Limited
(formerly University Academy Holbeach Limited)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2014

The Lincolnshire Educational Trust Limited

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The Lincolnshire Educational Trust Limited

Reference and Administrative Details

Governors and Trustees (Directors)

Prof V Braybrooks
Prof J Davidson
Mr C Penney
Prof M Stuart
Mrs J Worth
Mrs S Boor (appointed 1 August 2014)
Mr A Breckon (appointed 1 August 2014)
Mrs C Hamblett (appointed 1 August 2014)
Mr S Baragwanath (appointed 1 August 2014)

Governors

Mr P Adams (resigned 28 February 2014)
Mr C Bell (resigned 2 September 2014)
Mr G Chappell
Mr R Gibbard
Mr A Robson
Mr G Raven
Mr D Scott (resigned 31 August 2014)
Cllr W Webb (resigned 31 August 2014)
Mr J Busby (appointed 30 April 2014)
Mrs A Sleight (appointed 1 September 2014)
Mrs G Graper (appointed 1 September 2014)
A Maddison (appointed 1 September 2014)
J Medley (appointed 1 September 2014)
I Hutchinson (appointed 1 September 2014)
C Kenyon (appointed 1 September 2014)
M Smith (appointed 1 September 2014)
H Stanley (appointed 1 September 2014)

Senior Management Team

Mr S Baragwanath, Principal
Mrs S Paige, Vice Principal
Mrs K Blagbrough, Deputy Vice Principal
Dr S Milne, Assistant Principal
Mr G Chappell, Assistant Principal
Mrs L Smillie, Assistant Principal
Mr L Dave, Assistant Principal
Mrs H Patterson, Assistant Principal
Miss D Allen, Head of 6th Form

The Lincolnshire Educational Trust Limited

Reference and Administrative Details (continued)

Principal and Registered Office Mr S Baragwanath
C/o Vice Chancellor's Office
University of Lincoln
Brayford Pool
Lincoln
Lincolnshire
LN6 7TS

Company Registration Number 07647805

Auditors Bulley Davey Limited
2 & 3 Wrights Mews
12A Park Road
Holbeach
Lincolnshire
PE12 7EE

Bankers Lloyds Bank PLC
Hall Place
Spalding
Lincolnshire
PE11 1SF

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Introduction

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

The LET has five Trustees who transferred from the old Trust and four new Trustees have joined them.

The new trust has three members Professor Mary Stuart, Vice Chancellor University of Lincoln (Chair), Professor Scott Davidson Deputy Vice Chancellor University of Lincoln and Professor Val Braybrooks University of Lincoln. The LET Board of Trustees has 9 Directors, the three members above plus Mrs Jenny Worth Chair of Governors Holbeach Primary Academy, Chris Penney Chair of Governors University Academy Holbeach, *Andy Breckon CEO, *Catherine Hamblett Chief Finance Officer, *Steve Baragwanath Principal University Academy Holbeach and Sue Boor Principal Holbeach Primary Academy. (*New Trustees)

LET did not formally meet during the financial year of this report.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07647805.

The trustees act for the charitable activities of the Lincolnshire Educational Trust Limited and are also the directors of the charitable company for the purposes of company law.

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

Principal activities

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

Members' liability

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

Trustees' indemnities

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014 (continued)

Method of recruitment and appointment or election of Trustees

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the secretary of state, the academy's sponsors and the trustees who delegate powers to the academy senior leadership team.

The membership of the main governing body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the committee as a whole.

An audit committee and the governors meet at least on a termly basis to discuss the on-going matters of the academy.

During the year Mrs S Boor, Mr A Breckon, Mrs C Hamblett and Mr S Baragwanath were appointed as directors of the Academy on 1 August 2014.

Policies and procedures adopted for the induction and training of Trustees

The academy was incorporated on 25 May 2011 and commenced operations on 1 September 2011 and new governors were appointed. On appointment of the governing body access was provided to an external governor training and support programme where the operating procedures were outlined alongside the structure of the governing body and its committees. Newly appointed governors are assigned to one of the sub-committees reporting to the main governing body within the academy. Within the academy the governors can access the policies and procedures via the staff handbook or the learning gateway. Where governors have a particular professional skill the academy seeks to support and utilise the skill within the relevant committee. Governors also attend "whole school" events and where appropriate staff training sessions.

Organisational structure

The organisational structure consists of three levels of governors, the senior leadership team and the management team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making decisions about the direction of the academy, capital expenditure and senior staff appointment.

The senior leadership team comprises the principal, three vice principals and four assistant principals, who are responsible for the communication and implementation of the academy's strategies.

The principal and senior leadership team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration/operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the department for education.

The academy also access a number of external agencies to enable a broader provision of education and learning. The external agencies include alternative, education and vocational provision, careers and guidance services.

Connected organisations, including related party relationships

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014 (continued)

Objectives and activities

Objects and aims

The object of the charity is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, language and technology.

Objectives, strategies and activities

The academies main strategic intent is encapsulated in the statement "we support the learning of all our students to the highest standards possible. To do this we pursue new and exciting technologies that assist all learners in their educational journey". Delivery of this strategy focuses the academy on our learners and the mechanisms that are required to create an environment where learners succeed. Continuing improvement is at the core of the strategy. Below are examples of areas of focus used to drive this improvement:-

1. Raising attainment for all students
2. Improving students attendance and punctuality
3. Further improve students' positive behaviour
4. Ensure all safeguarding measures are in place
5. Sustain and improve the quality of learning and teaching
6. Student voice
7. The under-pinning of the strategy with sound operations and procedures

Public benefit

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014 (continued)

Strategic Report

Achievements and performance

This is the third year that the academy was open. The level of attainment of 5+ A*-C including English and Maths was 47%. For other performance measures the academy achieved the following results: 5+ A*-C, 62%, 5+ A*-G, 99% and Ebacc at 13%, although these results have yet to be validated by DfE. Although this represents a drop in headline figures from previous years, there has been tremendous volatility in the world of education particularly with regard to changes in exams and accreditation. Early indications are that the 2013/14 results for UAH have held up well in these challenging circumstances.

The most striking feature of this year's results nationally is that there has been a 19% drop in 5 A*-C and a 6.6% drop in 5 A*-C including English and Maths, Initial analysis appears to show that pupils at the Academy have met the national average for 5A*-C and are close to the national average 5 A*-C including English and Maths. This will represent good progress from their starting points. Of particular interest is the exceptional performance in Mathematics and DT Food and the fact that special needs and pupil premium youngsters "3-levels of progress" is greater than the national average. GCSE Science results showed a 10% improvement on previous years.

The sixth form continues to go from strength to strength with pupils studying both vocational and academic courses. The sixth form has a 98% success rate. This coupled with the success of the apprenticeship program indicates that the Academy is successfully helping pupils to progress onto further study or employment. The highest number of sixth form students in the school's history have entered University this year. Once again admissions to the sixth form in September have increased further adding to the sustainability of both the Academy overall and the new academic A-Level courses.

The extensive remodeling of the academy was completed in May 2014, with occupation of the new buildings taking place in October 2013. The disruption that this caused was inevitable, however everyone in the school community should be congratulated on their efforts to minimize its impact. The new facilities are a superb addition to the Academy.

In addition a program to subsidise a tablet device for every pupil in Key Stage 3 and 4 has been delivered with 97% of pupils and families taking advantage of this facility. The provision of on-line lesson notes and plans to all pupils and families is already having a positive impact upon the quality of teaching and learning. This scheme will be extended to the sixth form in 2014/15.

Key non-financial performance indicators

The Academy has been fully staffed during the period to 31 August 2014. The curriculum has remained virtually unchanged and so this should have no negative material impact on the experience of students. Staffing costs are the Academy's main expense and the good value of our staff can be seen in our examination results and the level of activity and commitment in the Academy.

In all of our expenditure the finance manager, governors and senior management team seek best value and question choices and options made.

Going concern

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014 (continued)

Strategic Report

Financial review

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

Additional funding was received from the local authority to support the Academy as it transferred pupils from the Crowland St Guthlac school site onto the Holbeach site. The local authority funded the additional costs incurred during this process at a rate of £33,333 per month until 31 August 2013.

During the year ended 31 August 2014 the total operating expenditure of £8.7 m was covered by grant funding and other incoming resources. The excess of income over expenditure (excluding depreciation and pension liabilities) was £1.2 million.

At 31 August 2014 the net current assets were £2.2 m and the net book value of tangible fixed assets was £1.7 m. The assets were used exclusively for providing education and the associated support services to the learners of the academy.

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

Reserves policy

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

Investment policy

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014 (continued)

Strategic Report

Principal risks and uncertainties

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

1. Meeting requisite standards of education for students in core subjects
2. Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity commission and the National Curriculum
3. Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and or financial commitments made without adequate authorisation
4. Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information

The key controls used by the academy include:

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

Financial and risk management objectives and policies

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes in pursuance of the Academy's objects. The grants received from the DfE during the period ended 31 August 2014 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

Risk management

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

Risks to the Academy fall into the following three categories:

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

The Lincolnshire Educational Trust Limited

Trustees' Report for the Year Ended 31 August 2014 (continued)

Employment of disabled persons

The academy is currently in the process of a build project for new purpose built accommodation which is due to complete by April 2014. The buildings will comply with all current legislation, lifts, ramps and disabled toilets will be installed and the door widths will be adequate to enable wheelchair access to all areas of the academy. The policy of the academy to support special education needs and designated special provisions. The academy does this by adapting the physical environment by making support resources available and through training and career development.

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

Plans for future periods

The Academy will maintain its PAN (Published Admission Number) at 180.

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

Ambitious targets have been set for pupil attainment and achievement, with pupil premium strategies being implemented through careful analysis of pupil performance data. In addition, further resources will be directed towards improving pupil progress in English.

Plans for a two year Key Stage 3 and a three year Key Stage 4 will be implemented for September 2015. This will increase the amount of curriculum time available to KS4 subject teachers and enable pupils to meet the increased demand of the new GCSE specifications.

Course work will be completed by Christmas of Year 11. This will ensure adequate revision and preparation time is made available for youngsters embarking upon their exams.

The MIS system will be changed from Facility to SIMS. This will improve the analysis of data and tracking of pupil performance and will require an extensive staff training program coupled with significant financial investment.

Curriculum and physical links with our partner Primary School will be extended and strengthened.

Auditor

In so far as the Trustees are aware:

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

Approved by order of the members on 11 December 2014 and signed on its behalf by:

Mr C Penney
Governor and trustee

The Lincolnshire Educational Trust Limited

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mr A Breckon (as of 1 September 2014, up until 31 August 2014 this role was undertaken by Mr S Baragwanath), as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Lincolnshire Educational Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mr S Baragwanath	4	4
Mr C Penney	4	4
Mr P Adams	3	4
Mr C Bell	2	4
Mr D Scott	4	4
Mr G Chappell	4	4
Mr A Robson	4	4
Mr R Gibbard	4	4
Prof V Braybrooks	4	4
Mrs J Worth	3	4
Cllr W Webb	3	4
Prof M Stuart	4	4
Mr G Raven	2	4
Prof J Davidson	4	4
Mr J Busby	1	1
Mrs C Hamblett	3	4

Governance reviews

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

The Lincolnshire Educational Trust Limited

Governance Statement (continued)

The Audit Committee is a sub-committee of the main Governing Body. Its purpose is to review and control the financial performance of the academy. Attendance at meetings during the year was as follows:

Governor	Meetings attended	Out of a possible
Mr D Scott	4	4
Mr S Baragwanath	4	4
Mr C Penney	3	4
Prof M Stuart	4	4
Mrs C Hamblett	4	4
Mrs J Worth	2	4

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Lincolnshire Educational Trust Limited for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Ms C Hamblett as responsible officer (RO)

The Lincolnshire Educational Trust Limited

Governance Statement (continued)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the RO to date.

Review of effectiveness

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

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

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

Approved by order of the members of the Governing Body on 11 December 2014 and signed on its behalf by:

Mr C Penney
Governor and trustee

The Lincolnshire Educational Trust Limited

Statement on Regularity, Propriety and Compliance

As accounting officer of The Lincolnshire Educational Trust Limited I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Mr A Breckon
Accounting officer

Date: 11 December 2014

The Lincolnshire Educational Trust Limited

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies: Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 11 December 2014 and signed on its behalf by:

Mr C Penney
Governor and trustee

The Lincolnshire Educational Trust Limited

Independent Auditor's Report on the Financial Statements on the financial statements to the governing body of The Lincolnshire Educational Trust Limited (Formerly University Academy Holbeach Limited)

We have audited the financial statements of The Lincolnshire Educational Trust Limited (formerly University Academy Holbeach Limited) for the year ended 31 August 2014, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2013 to 2014 issue by the Education Funding Agency.

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 14), the trustees (who are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 Annual 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 charitable company's affairs as at 31 August 2014 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 Academies' Account Direction 2013 to 2014 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

The Lincolnshire Educational Trust Limited

Independent Auditor's Report on the Financial Statements on the financial statements to the governing body of The Lincolnshire Educational Trust Limited (Formerly University Academy Holbeach Limited)

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.

Peter R Wright (Senior Statutory Auditor)
For and on behalf of Bulley Davey Limited, Statutory Auditor

2 & 3 Wrights Mews
12A Park Road
Holbeach
Lincolnshire
PE12 7EE

15 December 2014

The Lincolnshire Educational Trust Limited

Independent Reporting Accountant's Report on Regularity to The Lincolnshire Educational Trust Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 14 June 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lincolnshire Educational Trust Limited during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies' Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

The Lincolnshire Educational Trust Limited

Independent Reporting Accountant's Report on Regularity to The Lincolnshire Educational Trust Limited and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bulley Davey Limited
Chartered Certified Accountants

2 & 3 Wrights Mews
12A Park Road
Holbeach
Lincolnshire
PE12 7EE

15 December 2014

The Lincolnshire Educational Trust Limited

Statement of Financial Activities for the Year Ended 31 August 2014 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Activities for generating funds	2	2,650	426,600	-	429,250	403,943
Investment income	3	30,804	-	-	30,804	12,438
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	4	-	8,924,900	-	8,924,900	9,435,834
School fund income		-	132,303	-	132,303	136,250
<i>Other incoming resources</i>						
Other incoming resources	5	-	40,015	-	40,015	26,087
Total incoming resources		<u>33,454</u>	<u>9,523,818</u>	<u>-</u>	<u>9,557,272</u>	<u>10,014,552</u>
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	400,200	-	400,200	442,288
Cost of generating funds		-	-	-	-	2,487
<i>Charitable activities:</i>						
Academy's educational operations		-	7,810,057	356,280	8,166,337	8,131,933
School fund expenditure		-	130,289	-	130,289	126,106
Governance costs	8	-	9,841	-	9,841	8,304
Total resources expended	6	-	<u>8,350,387</u>	<u>356,280</u>	<u>8,706,667</u>	<u>8,711,118</u>
Net incoming/(outgoing) resources before transfers		33,454	1,173,431	(356,280)	850,605	1,303,434
Gross transfers between funds		<u>-</u>	<u>(1,324,395)</u>	<u>1,324,395</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		33,454	(150,964)	968,115	850,605	1,303,434
Other recognised gains and (losses)						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	<u>(404,000)</u>	<u>-</u>	<u>(404,000)</u>	<u>24,000</u>

The Lincolnshire Educational Trust Limited

**Statement of Financial Activities for the Year Ended 31 August 2014
(Including Income and Expenditure Account and Statement of Total Recognised Gains
and Losses) (continued)**

Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Net movement in funds/(deficit)	33,454	(554,964)	968,115	446,605	1,327,434
Reconciliation of funds					
Funds brought forward at 1 September 2013	<u>19,293</u>	<u>836,914</u>	<u>868,827</u>	<u>1,725,034</u>	<u>397,600</u>
Funds carried forward at 31 August 2014	<u><u>52,747</u></u>	<u><u>281,950</u></u>	<u><u>1,836,942</u></u>	<u><u>2,171,639</u></u>	<u><u>1,725,034</u></u>

All of the Academy's activities derive from continuing operations during the above two periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The Lincolnshire Educational Trust Limited

**(Registration number: 07647805)
Balance Sheet as at 31 August 2014**

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	12	1,836,941	868,827
Current assets			
Stocks	13	35,177	28,747
Debtors	14	336,822	366,319
Cash at bank and in hand		<u>2,284,656</u>	<u>2,994,102</u>
		2,656,655	3,389,168
Creditors: Amounts falling due within one year	15	<u>(552,460)</u>	<u>(1,137,092)</u>
Net current assets		<u>2,104,195</u>	<u>2,252,076</u>
Total assets less current liabilities		3,941,136	3,120,903
Creditors: Amounts falling due after more than one year	16	<u>(132,497)</u>	<u>(162,869)</u>
Net assets excluding pension liability		3,808,639	2,958,034
Pension scheme liability	25	<u>(1,637,000)</u>	<u>(1,233,000)</u>
Net assets including pension liability		<u><u>2,171,639</u></u>	<u><u>1,725,034</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		1,918,949	2,069,914
Restricted fixed asset fund		1,836,943	868,827
Restricted pension fund		<u>(1,637,000)</u>	<u>(1,233,000)</u>
		2,118,892	1,705,741
Unrestricted funds			
Unrestricted Funds		<u>52,747</u>	<u>19,293</u>
Total funds		<u><u>2,171,639</u></u>	<u><u>1,725,034</u></u>

The financial statements on pages 19 to 41 were approved by the Trustees, and authorised for issue on 11 December 2014 and signed on their behalf by:

Mr S Baragwanath
Principal

Mr C Penney
Governor and trustee

The Lincolnshire Educational Trust Limited

Cash Flow Statement for the Year Ended 31 August 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	20	584,146	1,907,475
Returns on investments and servicing of finance	21	30,804	12,436
Capital expenditure and financial investment	22	<u>(1,324,394)</u>	<u>(328,179)</u>
(Decrease)/increase in cash in the year	23	<u>(709,444)</u>	<u>1,591,732</u>

Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the year	(709,444)	1,591,732
Net funds at 1 September 2013	<u>2,994,100</u>	<u>1,402,368</u>
Net funds at 31 August 2014	<u>2,284,656</u>	<u>2,994,100</u>

All of the cash flows are derived from continuing operations during the above two periods.

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are treated as deferred income.

Sponsorship income

Sponsorship income provided to the 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 is certainty of receipt and it is measurable.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 the goods have been provided or on completion of the service.

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1 Accounting policies (continued)

Donated services and gifts in kind

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

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

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

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1 Accounting policies (continued)

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Asset class	Depreciation method and rate
Land and buildings	10% straight line
Furniture and equipment	20% straight line
Motor vehicles	20% straight line
Computer equipment	33% straight line

Leased assets

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

Stock

All items are valued at the lower of cost or net realisable value.

Taxation

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

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1 Accounting policies (continued)

Pension 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

2 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Hire of facilities	2,650	-	2,650	4,455
Catering income	-	208,417	208,417	201,827
Apprenticeship income	-	189,038	189,038	166,288
Music tuition	-	4,535	4,535	4,791
Outside bodies	-	24,047	24,047	24,960
Sales to pupils	-	563	563	1,622
	<u>2,650</u>	<u>426,600</u>	<u>429,250</u>	<u>403,943</u>

3 Investment income

	Unrestricted funds £	Total 2014 £	Total 2013 £
Investment income	<u>30,804</u>	<u>30,804</u>	<u>12,438</u>

4 Funding for Academy's educational operations

	Restricted funds £	Total 2014 £	Total 2013 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	7,812,397	7,812,397	8,393,256
Start Up Grants	-	-	112,240
Other DfE Income	<u>324,179</u>	<u>324,179</u>	<u>196,365</u>
	8,136,576	8,136,576	8,701,861
Other government grants			
Local authority grants	<u>788,324</u>	<u>788,324</u>	<u>733,973</u>
Total grants	<u>8,924,900</u>	<u>8,924,900</u>	<u>9,435,834</u>

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

5 Other incoming resources

	Restricted funds £	Total 2014 £	Total 2013 £
Gifts and donations	80	80	6,469
Insurance claims	27,699	27,699	11,400
Other income	3,016	3,016	3,610
Sponsorship	-	-	900
Reimbursement for use of staff	2,755	2,755	3,708
Feed in tariff receipts	6,465	6,465	-
	<u>40,015</u>	<u>40,015</u>	<u>26,087</u>

6 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2014 £	Total 2013 £
Costs of generating voluntary income	-	-	400,200	400,200	442,288
Costs of activities for generating funds	-	-	-	-	2,487
Academy's educational operations					
Direct costs	4,850,839	27,767	527,964	5,406,570	5,241,131
Allocated support costs	<u>1,744,925</u>	<u>784,561</u>	<u>230,281</u>	<u>2,759,767</u>	<u>2,890,802</u>
	6,595,764	812,328	758,245	8,166,337	8,131,933
School fund expenditure					
Allocated support costs	-	-	130,289	130,289	126,106
Governance costs including allocated support costs	-	-	9,841	9,841	8,304
	<u>6,595,764</u>	<u>812,328</u>	<u>1,298,575</u>	<u>8,706,667</u>	<u>8,711,118</u>

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

6 Resources expended (continued)

Net incoming/outgoing resources for the year include:

	2014	2013
	£	£
Fees payable to auditor - audit	9,500	8,000
- non-audit services	4,340	36,645
	4,340	36,645

7 Charitable activities

	Restricted funds	Restricted fixed asset funds	Total 2014	Total 2013
	£	£	£	£
Direct costs				
Teaching and educational support staff costs	4,850,839	-	4,850,839	4,704,544
Depreciation	-	27,767	27,767	27,767
Educational supplies	331,654	-	331,654	290,464
Examination fees	167,447	-	167,447	196,107
Apprenticeship costs	22,328	-	22,328	21,472
Other direct costs	6,535	-	6,535	777
	5,378,803	27,767	5,406,570	5,241,131
Allocated support costs				
Support staff costs	1,744,925	-	1,744,925	2,000,528
Depreciation	-	328,513	328,513	96,566
Maintenance of premises and equipment	213,795	-	213,795	192,143
Cleaning	12,413	-	12,413	14,161
Rent, rates and utilities	140,985	-	140,985	207,417
Insurance	86,159	-	86,159	26,855
Transport	34,216	-	34,216	154,872
Catering	192,945	-	192,945	191,568
Bank interest and charges	627	-	627	683
Other support costs	130,289	-	130,289	126,106
Interest payable	5,189	-	5,189	6,009
	2,561,543	328,513	2,890,056	3,016,908
	7,940,346	356,280	8,296,626	8,258,039

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

8 Governance costs

	Restricted funds £	Total 2014 £	Total 2013 £
Auditors' remuneration			
Audit of financial statements	9,500	9,500	8,000
Governors' reimbursed expenses	341	341	304
	9,841	9,841	8,304

9 Staff costs

	2014 £	2013 £
Staff costs during the year were:		
Wages and salaries	5,265,175	5,394,595
Social security costs	410,143	410,654
Pension costs	707,818	774,265
Supply teacher costs	212,628	116,455
Compensation payments	-	9,103
	6,595,764	6,705,072

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2014 No	2013 No
Charitable Activities		
Teachers	111	110
Administration and support	58	81
Management	8	8
	177	199

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

9 Staff costs (continued)

The number of employees whose emoluments fell within the following bands was:

	2014 No	2013 No
£60,001 - £70,000	4	1
£90,001 - £100,000	<u>1</u>	<u>1</u>

5 (2013 - 2) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £49,040 (2013 - £22,957).

10 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

Mr S Baragwanath (Principal and Governor): £95,000 - £100,000 (2013 - £95,000 - £100,000)

Mr G Chappell (Staff Governor): £55,000 - £60,000 (2013 - £50,000 - £55,000)

Mr A Robson (Staff Governor): £50,000 - £55,000 (2013 - £45,000 - £50,000)

Mr G Raven (Staff Governor): £35,000 - £40,000 (2013 - £35,000 - £40,000)

Related party transactions involving the trustees are set out in note 26.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £Nil (2013 - £Nil).

The cost of this insurance is included in the total insurance cost.

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

12 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2013	676,226	195,928	33,978	151,763	1,057,895
Additions	242,236	221,770	-	862,926	1,326,932
Disposals	-	(3,557)	-	(454)	(4,011)
At 31 August 2014	<u>918,462</u>	<u>414,141</u>	<u>33,978</u>	<u>1,014,235</u>	<u>2,380,816</u>
Depreciation					
At 1 September 2013	52,076	58,197	13,592	65,203	189,068
Charge for the year	27,767	83,542	6,796	238,175	356,280
Eliminated on disposals	-	(1,322)	-	(151)	(1,473)
At 31 August 2014	<u>79,843</u>	<u>140,417</u>	<u>20,388</u>	<u>303,227</u>	<u>543,875</u>
Net book value					
At 31 August 2014	<u>838,619</u>	<u>273,724</u>	<u>13,590</u>	<u>711,008</u>	<u>1,836,941</u>
At 31 August 2013	<u>624,150</u>	<u>137,731</u>	<u>20,386</u>	<u>86,560</u>	<u>868,827</u>

13 Stock

	2014 £	2013 £
Books and stationery	12,578	15,982
Catering	2,313	1,157
Cleaning	4,026	-
Clothing	-	1,380
Shop stock	10,760	10,228
Computer consumables	5,500	-
	<u>35,177</u>	<u>28,747</u>

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

14 Debtors

	2014	2013
	£	£
Trade debtors	25,320	27,894
Prepayments	157,093	55,406
Accrued grant and other income	-	11,400
VAT recoverable	57,762	71,666
Other debtors	96,647	199,953
	<u>336,822</u>	<u>366,319</u>

15 Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	60,733	115,716
Other taxation and social security	129,551	133,908
Other creditors	3,903	5,372
Pension scheme creditor	92,135	96,739
Accruals	156,387	143,783
Deferred income	79,379	612,229
Public works board loan	30,372	29,345
	<u>552,460</u>	<u>1,137,092</u>

16 Creditors: amounts falling due after one year

	2014	2013
	£	£
Public works board loan	<u>132,497</u>	<u>162,869</u>

The Academy took control over the Public Works Board loan which funded the extension to the 6th form block when it was part of the George Farmer Technology and Language College. The length of repayment has been set at 10 years and the interest rate at 3.470%, the loan is due to be repaid by August 2019.

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

17 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds					
Restricted General Funds	2,069,914	9,523,818	(8,350,387)	(1,324,396)	1,918,949
Restricted fixed asset funds					
Restricted Fixed Asset Funds	868,827	-	(356,280)	1,324,396	1,836,943
Restricted pension funds					
Restricted Pension Funds	<u>(1,233,000)</u>	<u>-</u>	<u>-</u>	<u>(404,000)</u>	<u>(1,637,000)</u>
Total restricted funds	1,705,741	9,523,818	(8,706,667)	(404,000)	2,118,892
Unrestricted funds					
Unrestricted general funds	<u>19,293</u>	<u>33,454</u>	<u>-</u>	<u>-</u>	<u>52,747</u>
Total funds	<u>1,725,034</u>	<u>9,557,272</u>	<u>(8,706,667)</u>	<u>(404,000)</u>	<u>2,171,639</u>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,836,941	1,836,941
Current assets	52,746	2,603,909	-	2,656,655
Current liabilities	-	(552,460)	-	(552,460)
Creditors over 1 year	-	(132,497)	-	(132,497)
Pension scheme liability	<u>-</u>	<u>(1,637,000)</u>	<u>-</u>	<u>(1,637,000)</u>
Total net assets	<u>52,746</u>	<u>281,952</u>	<u>1,836,941</u>	<u>2,171,639</u>

19 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	<u>320,947</u>	<u>727,943</u>

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

Financial Commitments

Operating leases

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

Operating leases which expire:

	2014	2013
	£	£
Other		
Within one year	-	17,306
Within two to five years	6,986	5,942
	<u>6,986</u>	<u>23,248</u>

20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014	2013
	£	£
Net income	850,605	1,303,434
Depreciation	356,280	124,333
Interest receivable	(30,804)	(12,438)
Increase in stocks	(6,430)	(24,547)
Decrease/(increase) in debtors	29,498	(40,707)
(Decrease)/increase in creditors	(584,631)	586,745
Public works board loan	(30,372)	(29,345)
Net cash inflow from operating activities	<u>584,146</u>	<u>1,907,475</u>

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

21 Returns on investments and servicing of finance

	2014	2013
	£	£
Interest received	<u>30,804</u>	<u>12,436</u>
Net cash inflow from returns on investments and servicing of finance	<u><u>30,804</u></u>	<u><u>12,436</u></u>

22 Capital expenditure and financial investment

	2014	2013
	£	£
Purchase of tangible fixed assets	(1,326,932)	(328,179)
Sale of tangible fixed assets	<u>2,538</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investment	<u><u>(1,324,394)</u></u>	<u><u>(328,179)</u></u>

23 Analysis of changes in net funds

	At 1			At 31 August
	September	Cash flows	2013	2014
	£	£	£	£
Cash at bank and in hand	<u>2,994,100</u>	<u>(709,444)</u>	<u>2,284,656</u>	<u>2,284,656</u>

24 Members' liability

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

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

25 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

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

Contributions amounting to £(92,135) (2013 - (96,739)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate ("SCR") was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The latest valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166.500m. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163.240m. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

25 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £338,000, of which employer's contributions totalled £275,000 and employees' contributions totalled £63,000.

Principal actuarial assumptions

	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	3.90	5.10
Rate of increase for pensions in payment/inflation	2.60	2.80
Discount rate for scheme liabilities	3.70	4.60

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

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Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

25 Pension and similar obligations (continued)

	At 31 August 2014	At 31 August 2013
Retiring today		
Males retiring today	22.20	21.20
Females retiring today	24.40	23.40
Retiring in 20 years		
Males retiring in 20 years	24.50	23.70
Females retiring in 20 years	<u>26.80</u>	<u>25.70</u>

The academy's share of the assets and liabilities in the scheme were:

	At 31 August 2014	At 31 August 2013
	£	£
Equities	1,431,000	1,199,000
Other bonds	245,000	187,000
Property	<u>207,000</u>	<u>171,000</u>
Total market value of assets	1,883,000	1,557,000
Present value of scheme liabilities - funded	<u>(3,520,000)</u>	<u>(2,790,000)</u>
Deficit in the scheme	<u>(1,637,000)</u>	<u>(1,233,000)</u>

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

25 Pension and similar obligations (continued)

The expected rates of return were:

	At 31 August 2014	At 31 August 2013
	%	%
Equities	6.30	6.60
Other bonds	3.60	4.30
Property	4.50	4.70
Cash	3.30	3.60

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £202,000 (2013 - £175,000).

Amounts recognised in the statement of financial activities

	2014	2013
	£	£
Current service cost	213,000	243,000
Total operating charge	213,000	243,000

Analysis of pension finance income/(costs)

	2014	2013
	£	£
Expected return on pension scheme assets	103,000	60,000
Interest on pension liabilities	(133,000)	(101,000)
Pension finance costs	(30,000)	(41,000)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£864,000) (2013 - (£469,000)).

The Lincolnshire Educational Trust Limited

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

25 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	2014 £	2013 £
At 1 September	2,790,000	2,300,000
Current service cost	213,000	243,000
Interest cost	133,000	101,000
Employee contributions	53,000	63,000
Actuarial losses	369,000	62,000
Benefits paid	(38,000)	-
Curtailments and settlements	-	21,000
At 31 August	<u>3,520,000</u>	<u>2,790,000</u>

Movements in the fair value of academy's share of scheme assets

	2014 £	2013 £
At 1 September	1,557,000	1,043,000
Expected return on assets	103,000	60,000
Actuarial (losses)/gains	(26,000)	116,000
Employer contributions	234,000	275,000
Employee contributions	53,000	63,000
Benefits paid	(38,000)	-
At 31 August	<u>1,883,000</u>	<u>1,557,000</u>

The schemes assets and liabilities were valued by a qualified actuary.

The estimated value of employer contributions for next period is £245,000 (2013 - £286,000).

History of experience adjustments

Amounts for the current period are as follows:

	2014 £	2013 £	2014 £	2012 £
Experience adjustments arising on scheme assets	(26,000)	116,000	27,000	-
Experience adjustments arising on scheme liabilities	<u>(31,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17.

26 Related party transactions

There were no related party transactions in the year.