



THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

Members

Prof M Stuart CBE (Chair)

Mr R Buttery *Resigned 31 December 2019*

Prof T Wilkinson *Resigned 3 December 2020*

Mr S Parkes

Mr M Tinsley

Ms D Meale *Appointed 12 August 2020*

Prof A Hunter *Appointed 3 December 2020*

Trustees

Prof T Wilkinson (Chair) *Resigned 3 December 2020*

Prof A Hunter (Chair) *Appointed 3 December 2020*

Ms M Allison (Vice Chair) (Safeguarding Trustee) *Appointed 1 November 2019*

Prof V Braybrooks MBE (Chair Audit Committee)

Mr W Naylor

Mr A Robinson

Prof I Abrahams *End of term 1 January 2020*

Mr K Batty

Mr E Libbey

Prof S Davidson *Resigned 31 December 2019*

Prof D French *Appointed 27 March 2020*

Mr A Breckon *Appointed 12 October 2020*

Company registered number

07647805 (England and Wales)

Company name

The Lincolnshire Educational Trust Limited

Principal and registered office

c/o Vice Chancellor's Office, University of Lincoln, Brayford Pool, Lincoln, Lincolnshire, LN6 7TS

Senior leadership team

Mr S Baragwanath (Executive Principal UAH and UALS)

Miss S Paige (Principal UAH)

Mrs S Boor (Executive Principal HPA and HBA)

Mrs L Stanton (Executive Principal GHA)

Mr L Davé (Principal UALS)

Mr A Breckon (CEO)

Mrs C Hamblett (CFO)

Independent auditors

Duncan and Toplis Ltd, 15 Chequergate, Louth, Lincs, LN11 0LJ

Bankers

Lloyds Bank Plc, High Street, Lincoln, LN5 7AP

Solicitors

Pinsent Masons LLP, 3 Colmore Circus, Birmingham, B4 6BH

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

Introduction

The academic year 2019/20 has been a very challenging year with very good progress in almost all aspects of the Trust's development, until 23 March 2020 when the Government closed all schools due to the Covid-19 pandemic.

University Academy Holbeach (UAH), University Academy Long Sutton (UALS), Holbeach Primary Academy (HPA) and Gosberton House Academy (GHA) all remained partially open for vulnerable pupils and for the children of key workers. Holbeach Bank Academy (HBA) was closed and all services for those children and families were provided at HPA. The four academies remained open throughout and HBA reopened on 1 June 2020 when some year groups were able to return. Our academies were open throughout the Easter holidays and Spring bank holiday week including all four bank holiday dates.

A full report on the impact of Covid-19 will be provided in the strategic report section.

Development of the Trust

The Lincolnshire Educational Trust was formed in 2014 when University Academy Holbeach agreed to become a Multi-Academy Trust (MAT) and was renamed and gained new articles of association and funding agreement.

University Academy Holbeach is an 11 to 19 academy based in Holbeach, in South East Lincolnshire. The academy was established in 2011 following the closure of the St Guthlac's School in Crowland and its subsequent merger with the George Farmer Technology and Language College. The George Farmer Technology and Language College had been managing St Guthlac's School for four years prior to the merger. In seeking to set up the new academy at the George Farmer Technology and Language College, the local authority invited the University of Lincoln to be its education sponsor. At the time of transfer, Ofsted rated it as good and remains a very good school.

In 2014, Holbeach Primary School joined the newly established MAT as a converter and was renamed Holbeach Primary Academy. This academy is a 4 to 11 academy based on an adjoining site to University Academy Holbeach. At the time of transfer, Ofsted rated it as requiring improvement, but it is now a good school.

In 2016, Gosberton House Special School joined the MAT as a converter and was renamed Gosberton House Academy. It is a 2 to 11 specialist Academy in autism. This Academy is based approximately 13 miles from Holbeach. At the time of transfer, Ofsted rated it as outstanding and it has maintained that judgement in the Trust. It also provides the autism outreach service for Lincolnshire County Council.

In June 2018, Holbeach Bank Primary School joined the MAT as a 4 to 11 sponsored academy at the request of Lincolnshire County Council and the Regional Schools Commissioner. It is based less than two miles from Holbeach Primary Academy. It is a very small rural school and at the time of transfer, Ofsted rated it as inadequate.

In July 2019, the Peele Community College joined the MAT as an 11 to 16 sponsored academy at the request of Lincolnshire County Council and the Regional Schools Commissioner. It was renamed University Academy Long Sutton and is based less than six miles away from Holbeach. The academy is freehold having previously been a foundation school. It has a nursery on site that serves Long Sutton, a Leisure Centre and an all-weather pitch, owned by the multi-academy trust, but leased to external bodies with academy use during the school day. At the time of transfer, Ofsted rated it as inadequate.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management

a. CONSTITUTION

The Lincolnshire Educational Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association is the primary governing document of the academy trust. The Trustees of The Lincolnshire Educational Trust Limited are also the directors of the charitable company for the purpose of company law. The charitable company is known as The Lincolnshire Educational Trust Ltd. Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

b. MEMBERS' LIABILITY

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

c. TRUSTEES' INDEMNITIES

The academy trust has, through its articles, indemnified its Trustees to the fullest extent permissible by law. During the period the academy trust also purchased and maintained liability insurance for its Trustees.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Trustees are appointed under the rules contained within the Memorandum and Articles of Association. The appointments are made by the members.

The membership of the Trust Board and Academy Governing Committees is in accordance with the structure contained within its Memorandum and Articles of Association. Parents and staff are seen as key members of the local governing committees. Trustees and Governors are selected to have a breadth of skills, which are beneficial to the committee as a whole. The members meet two or three times each year to review the work of the Trust Board with the Trust Board meeting at least five times each year, with one of the meetings being an away day to have wide ranging discussions about the work of the Trust and its development. Each Academy Governing Committee meets at least five times a year, although ad-hoc committees are used to meet specific remits, at the agreement of the Chair and CEO. Academies at risk may have more meetings as determined by the CEO.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Lincolnshire Educational Trust Ltd was incorporated on 25 May 2011 and commenced operation on 1 September 2011. On 18 July 2014 it changed to become a Multi-Academy Trust (MAT). The Trust produced a very detailed Governance Handbook for all Trustees and Governors to ensure they are fully informed on how the Trust works, its policies and scheme of delegation. The creation of the MAT Academy Governing Committees was to oversee the running of each academy with a key focus on monitoring children and young person's progress and well-being. The Trust is highly committed to Trustee and Governor training and there are two compulsory training sessions for Governors each year as well as external opportunities for training. This will include safeguarding training for all Trustees and Governors. Some Governors are given specific duties and all Governors are able to join any sub-committees that are arranged.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2020

The scheme of delegation sets out where the Trust set and approve policies and where Academy Governing Committees are responsible within an academy, the Governors are provided with access to all policies, procedures and the scheme of delegation. Where Governors have particular professional skills, the Academy seeks to support and utilise the skill within the relevant committee. Governors are also encouraged to attend "whole school" events and, where appropriate, staff training sessions. Every two years we carry out a skills audit of the Trust Board and Academy Governing Committees to ensure we have the right balance of skills to carry out their duties. The last skills audit was in March 2020 and this has resulted in some minor changes to some Academy Governing Committees for the 2020/21 academic year.

f. ORGANISATIONAL STRUCTURE

The organisational structure consists of four levels of Members, Trustees/Directors, Governors and senior leadership teams. The Trust Board publishes in July each year a handbook that sets out the full scheme of delegation as well as the remit for each committee and the role of the executive. The aim of the organisational structure is to devolve responsibility to the lowest level applicable and encourage involvement in decision making at all levels. During the year no executive was a Trustee but the Chief Executive Officer (CEO), Deputy Chief Executive Officer (DCEO), Chief Finance Officer (CFO) and Executive Principals attend board meetings. The CEO has an operations board to bring together the work of our academies on areas like finance, HR and procurement to ensure consistency and best value for money. Membership is made up of senior staff and Chairs of Governors. The CEO, DCEO and CFO have roles across the academies. The Trust places great emphasis on financial probity and has had an Audit and Risk Committee with independent members since its formation. The Trust has also created a new Nominations and Remuneration Committee to deal with senior pay awards and appointments.

The Trustees are responsible for setting general policy across the Trust and agreeing a clear scheme of delegation for governors and executive staff. They set the annual budget and focus on monitoring the performance of each academy both financially and educationally whilst ensuring compliance through monitoring reports. The Trust is keen to strengthen staffing to manage increasing demands from Government and give it the capacity to expand when opportunity occurs. In October 2019 the Trust recruited an Assistant Finance Manager and Compliance Officer who is both ACCA and MAAT accredited and in February a DCEO was appointed with an impressive track record of 20 years secondary headship.

The Executive Principals and Principals have significant powers in managing their institutions within the Trust and we do not apply a "one size fits all" approach to managing our schools as they are significantly different in both size and needs. For example our largest academy has 1,350 on roll, growing to 1,500 in the next four years, our smallest has 62 and we have an outstanding special school with a national specialism in autism to mainstream primary and secondary schools. The senior leadership teams are responsible for the day to day running of their academy's and assisting in managing the Trust. The Principals make appointments and oversee the teaching staff and teams of administration/operational support as well as having responsibility for the academy infrastructure and learning environment. The structure and operation of the Trust follows the guidelines set out in the Academies Financial Handbook issued by the Department for Education and the Trust's own Articles of Association. In 2020 at the request of the Regional Schools Commissioner, the Trust brought all of its funding agreements in line with the 2018 model agreement.

The Trust uses a mixture of ways to provide key service provision based on creating best value for money. Some external services are purchased, for example HR, grounds maintenance and health and safety, other areas we use our own staff. Each academy also accesses a number of external agencies to enable a broader provision of educating and learning. The external agencies include alternative education and vocational provision, careers and guidance services, as well as a range of training providers from teaching schools and other providers.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

The Operational Governance Framework and Scheme of Delegation

The Lincolnshire Educational Trust Limited annually reviews its governance framework and scheme of delegation following advice from the Regional Schools Commissioner and ESFA as well as analysis of the annual Academies Financial Handbook. The revisions are agreed by the Trust Board at its July meeting for the next financial year. The documents are then issued to all Trustees, Governors and senior staff. It contains full details on remits and responsibilities for committees, schedule of meetings with outline content, membership, as well as a full scheme of delegation and is published on the Trust website. The Trust reserves the right to have different schemes of delegation for each academy, however throughout 2019/20 the five academies had the same scheme of delegation to Executive Principals but with very close monitoring of the two most recent academies to join because of the deficit budgets they had been running.

g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The pay policy for senior staff is now managed through the new Nominations and Remuneration Committee which has three Trustee members being the Chair, Vice-Chair and one other who will consider the pay of the most senior staff being the CEO, DCEO, CFO and Executive Principals.

h. TRADE UNION FACILITY TIME

During the period the Trust had 2 (FTE: 2) relevant union officials. The percentage of their time spent on facility time was between 1% and 50%. The cost of the facility time for these employees was £2,392 of an annual pay bill of £16.04m, which equates to less than 0.02%. There were no further paid trade union activities.

i. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

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

j. ENGAGEMENT WITH EMPLOYEES (INCLUDING DISABLED PERSONS)

The Lincolnshire Educational Trust Limited understands that employees are crucial to the success of our schools and all employees are employed on national or local authority agreed terms and conditions.

In all five of our academies we have regular team meetings and briefings including full consultative forums for any discussions that are of concern to employees.

Full provision is made for disabled employees. During the pandemic all staff that were unable to attend work, due to a vulnerability in either themselves or family member, were allowed to work from home and were fully equipped to ensure this was possible.

The Covid-19 requirements resulted in normal staff meetings being cancelled, therefore online meetings, newsletters and other means of communication took place to ensure staff not attending the workplace remained in contact and with full support. There were no complaints from employees during this period.

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

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 each academy. The policy of the Trust is to support special education needs and designated special provisions. The Trust does this by adapting the physical environment by making support resources available through training and career development.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2020

k. ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE TRUST

The Lincolnshire Educational Trust Limited has a wide range of suppliers ranging from companies who are building a new science block to school meal providers. We have large companies for services such as HR, who through a tendering process, provide the HR services to local companies who provide grounds maintenance.

The constant search for value for money means tendering is a normal way in which we work with companies, however quality of service is vital and where able support is given to local services. The Trust have excellent relationships with a large range of local companies as the apprenticeship scheme runs across a wide range of activities.

Objectives and Activities

a. OBJECTS AND AIMS

The Trust had a detailed review of its ethos and curriculum intent and that has resulted in a revised mission, values and a new section related to curriculum intent. The Trust has also developed its approach to continuous improvement. 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 academies which offer a broad curriculum.

Our mission is to develop academies that are schools of first choice through their high aspirations and educational excellence. The academies will improve the life chances of young people through the development of their academic, cultural and sporting achievements, enhancing their personal development and enabling them to become confident life-long learners who are able to successfully contribute to the world in which they live.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Values

- Maximising the potential of every child and young person.
- Providing a safe and secure environment for learning and teaching.
- Promoting well-being: physical, emotional and mental.
- Caring for the environment in which we learn and live.
- Supporting parents and carers to participate in their children's learning.
- Nurturing and developing excellent staff to help us achieve our mission.
- Fostering a positive learning culture that is aspirational, ambitious and innovative.
- Working in partnership to achieve our goals.
- Upholding exemplary behaviour that is respectful and caring.
- Making education enjoyable and celebrating every young person's achievements.

Curriculum Intent

- Create a curriculum which embeds the mission and values of the Trust, yet is crafted in a manner that meets the distinctive needs of each community and all the stakeholders in each academy.
- Provide our young people with access to the knowledge, experience and skills necessary to equip them for life, building their cultural capital so that they are knowledgeable about a wide range of cultures and have access to a broad range of experiences to deploy during their life.
- Consult regularly with parents, carers and young people on their curriculum needs to ensure we have the right balance of provision which is broad and balanced, recognising that our young people learn in different ways and have different needs and interests.
- Ensure there are different pathways to learning, yet guaranteeing equal opportunity for all young people.
- Prioritise learning in communication, literacy and numeracy for every young person.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

- Develop skills and knowledge that enable young people to be confident and healthy citizens in the digital world.
- Provide opportunities for developing interest and talent in sports, music and creative arts.
- Promote learning, on occasions outside the classroom, which develops resilience and self-worth.
- Build knowledge, skills and understanding in a way that engages and inspires young people in an intelligent, logical and sequential manner.
- Celebrating success at all levels to help build confidence and help create and develop confident and ambitious young people.

Our approach to continuous improvement in our academies is based on five tenets:

1. Setting high aspirations for every learner in all aspects of academy life.
2. Knowing every learner and designing support and encouragement in a manner that ensures each can grow and know they can achieve in a safe environment.
3. Providing inspirational teaching by high quality staff that embeds literacy and numeracy in the curriculum, whilst providing a broad and diverse curriculum that captivates children and young people so they become lifelong learners, as well as accelerating the learning of disadvantaged students.
4. Maximising and celebrating every learner's achievements and progress through high quality teaching and support.
5. Promoting exemplary behaviour that is characterised by a respectful and caring environment, where rules are understood and accepted.

c. PUBLIC BENEFIT

The Trust 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.

Strategic report

a. ACHIEVEMENTS AND PERFORMANCE

This year has been very successful in that all our academies were making excellent progress during the year and the Trust was particularly delighted at the progress made in both our sponsored academies. It was extremely disappointing that our academies were unable to display that progress in a statistical form as the tests and examinations were cancelled. The Trust was highly successful in the outstanding way in which our academies supported pupils and their families throughout the second half of the academic year meeting all the challenges of the Covid-19 pandemic in a positive and constructive manner. The Trust is very proud of its staff and their commitment to supporting their pupils and the wider community.

The Covid-19 pandemic had a major impact on all aspects of life in and around our academies, including our pupils, staff and parents/carers. The Trust Board formally resolved that managing the pandemic was an executive function managed by the CEO and his staff, keeping the Trust Board and Governors informed and seeking advice as needed. The senior executive staff appreciated the vote of confidence in them and it allowed for quick decisions to be made. All Trust Board meetings were held virtually and only one Governors meeting was cancelled.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Our first objective was to determine what approach the Trust was going to take during the lockdown. Our key aim was to support our vulnerable children and key workers' children. Many key workers in the area work in the food manufacturing industries and on shift work so helping them was crucial. A detailed analysis of the logistics were carried out when the lockdown was announced and the executive decided, endorsed by the Trust Board, to close the HBA site as it has only 58 pupils and is less than two miles from HPA. Staff consulted the parents and they were happy with that decision and their children would be supported from HPA. This resulted in us being able to provide a comprehensive service for all those children. A second objective was to maintain very good communication with all our families and with all our staff. Our four academies (UAH,UALS,HPA and GHA) all remained open until 1 June 2020, throughout holiday periods and even bank holidays. The Trust used a broad interpretation of who was a key worker and contact with vulnerable children was a crucial aspect of our work. This absorbed very significant resources and in some cases pupils were contacted three times during the week to ensure their safety. The Trust established a Covid-19 specific risk assessment with related party action plan for each academy. This was updated on a regular basis.

On the 1 June 2020 HBA reopened as all our academies followed the Governments guidance on reopening. For those remaining at home the staff enhanced the provision and in secondary more online lessons were conducted using the new computers and tablets we had purchased. Once the Government announced at the beginning of July the full reopening of all schools in September, the executive began work on Covid-19 specific risk assessments and action plans for each academy. The Trust provided a common structure for these risk assessments and they were all completed by mid-August and published on each academy website. This, along with information including booklets and leaflets and a comprehensive information campaign, was instrumental in helping our academies open successfully with very high attendance at the start of the autumn term.

One key aspect of this period from 23 March 2020 to the end of the summer term was the increasing need to provide learning at home as well as in school. Increasingly over the period staff developed their skills and the Trust invested in new technology such as computers and tablets for teaching online. There was a significant amount of training carried out to ensure the effective use of some of these new technologies. Our primary schools used their websites and posted out every two weeks packs of materials to support learning combined with activities which they could enjoy. In addition, activities such as reading stories online for pupils to share were developed and enjoyed by pupils and parents/carers. Parents were highly supportive of our approach, so much so that the academies even provided additional packs during the summer holidays. Our special academy developed specific programmes on an individual basis and had an almost constant dialogue using its home-school software. Our secondary academies continued to use their VLE and supplemented this with one-to-one tutorials and online lessons. The lack of suitable technology or internet connectivity in a significant number of homes was a major concern and eventually the DfE scheme provided over 80 pieces of equipment, which certainly helped support those disadvantaged students. The Trust invested in a significant number of tablet computers to enable more interactive online lessons and these proved very valuable in improving the online learning as the period of partial closure was extended.

There were some savings due to the Covid-19 pandemic, but also some additional costs. The Trust was disappointed initially as it appeared the Government would meet a lot of the additional costs, however subsequent experience appears that they will not meet these costs. Aspects such as examination fees refunds have been very poor and costs of PPE, hand sanitiser, signage, telephone bills, extra staff cleaning, new washing facilities and new covered external areas have increased the costs. There were some savings on staff training, supply costs and utilities, but this was not as much as expected due to the additional opening during the holiday periods.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

The Trust, through careful management of the Covid-19 pandemic, has limited the financial risk to the Trust, but in the next financial year costs are likely to increase and need to be absorbed in the Trust, as the government expects us to use reserves to meet these costs. Throughout this period all academies had a no visitor policy, except by approval of the Principal. Those volunteers who, on occasions, helped, were not used. The Trust has limited income from external sources and fundraising and these losses were absorbed.

The impact on staff of the Covid-19 pandemic has been manageable, but the demands on staff, particularly senior staff, has been very significant and this demanding workload continues. This has not been helped by the Governments constant changing guidance and demands. It is too soon to give a comprehensive answer on the impact on our pupils, the early indication is that they were delighted to be back in school and enthusiastic to renew their learning and meet their friends and teachers.

The risks to the Trust and its staff and pupils are clearly significant but our detailed risk assessments have been well received by all parties and no group has challenged the Trust or any of its individuals about the actions that have been taken. The Governments directive means that the Trust must be open and it has to absorb the risks and our staff are doing everything they can to mitigate the risks.

The economic crisis resulting from the Covid-19 pandemic clearly will impact on the Local Government Pension Scheme but that is beyond our control and our investments are very low risk so the Trust believes the risks in this area are manageable. In this financial year the Covid-19 pandemic has had no serious impact on our reserves, however the Trust does expect, if the virus continues, it will impact on our reserves as the Government has made it clear additional costs will have to be met from existing budgets.

The Trust has aspirations to expand and the Members have commissioned an external review to determine our future strategy for growth. This is looking at the structure of the Trust, its ethos and vision for growth, structures and rationale for future growth. An action plan will be created in 2020/21 to develop a clear strategy for growth. The pandemic has halted any plans for expansion and this may delay our plans further. This means the careful management of our infrastructural costs will be important during this challenging period.

The Trust advertised nationally to appoint a DCEO in February. The successful candidate was the Executive Principal of UAH and UALS. The new DCEO has 20 years of successful headship experience and will continue to lead UAH and UALS, who have 86% of our pupils, and take on additional responsibilities once we can move back to normal operations.

The new Principal at UAH, former Vice Principal at UAH, has settled into her new post extremely well and has created a strong leadership team. UAH received funding to expand its Published Admission Number (PAN) from 180 to 240 for September 2020 and it has recruited well to fill those positions. The new £1.64m science block was delayed slightly by the Covid-19 pandemic but will be available by the autumn term.

The new Principal at UALS, former Assistant Principal at UAH, has made a very good start and transformed the culture and ethos of UALS. In September 2019 the academy took its largest year 7 intake ever, 20 above its PAN, and again in 2020 it has recruited over PAN. The academy in September 2020 will have its highest number of children ever which is testimony to the academies' growing reputation based on what parents and pupils can see.

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All the evidence in mid-March was that the Trust was going to have its best results ever. The progress at UALS and HBA demonstrated very significant improvement helped by the staffing changes the Trust has made and improved resources for learning. Significant environmental changes have taken place at UALS, but more are urgently required and the Trust is working to seek resources to make those changes. The Covid-19 pandemic had impacted on the apprenticeship programme initially, but improvement has taken place. GHA achieved renewal of its platinum investors in People aware and gained Condition Improvement Funding (CIF) for replacement of their boiler, which was completed before the end of the summer holidays.

The Covid-19 pandemic and cancellation of testing and examinations means our academies were unable to demonstrate their improvement through external verification. Students gained their teacher assessments following the disorganised management of the GCE Advanced Level, BTEC and GCSE examinations. The preparation of material and data for the examination boards was a huge task and both UAH and UALS took a very professional approach, this was particularly difficult for UALS due to its previous results, but with staff knowing that our students had worked extremely hard and the results would have been very good in 2020. The Government was very clear it wanted in-depth standardisation of the teachers' assessment and also wanted previous performance of schools to be taken into account. Staff applied the utmost integrity to grading our students with cross moderation between academies with strict oversight. The Trust was satisfied with its own performance, but disappointed to see that not all schools showed the same levels of integrity.

The Trust was delighted that all 44 Advanced level students at UAH who applied to University got their first choices and 8 students are taking up places at the University of Lincoln on a wide variety of courses.

The Trust also produced a comprehensive new handbook that sets out our governance structure, ethos and the terms of reference for all of our committees. In addition we have set out the service provision we provide for all of our academies and the full scheme of delegation. The Trust website has also been fully redesigned.

b. MAJOR STRATEGIC CHALLENGES

The Lincolnshire Educational Trust Limited had the aim in 2019/20 to make the necessary changes to the two sponsored academies and to consolidate the work in our other academies. At the same time we are looking to expand the Trust, and that is why the Members commissioned a strategic review to establish the fitness for expansion of the Trust, but also to create a road map to achieve such objectives. This report is due to be finalised in December 2020.

The Trust is also aware that some of its buildings are in need of repair or replacement and over the next 12 months the executive staff are going to focus on seeking funding to address this area of need.

The Trust will also seek to build capacity to ensure there is a smooth transition as staff retire or move on. The Trust has proved to have very sound succession planning in terms of school improvement and needs to consider this in administrative positions.

Lincolnshire County Council has a strategy for special education, called *Building Communities of Specialist Provision for Children and Young People with Special Educational Needs and Disabilities in Lincolnshire*. The outcome of this strategy is that GHA will become an all-needs special school rather than its current specialism in autism. The Trust support this strategy and is awaiting the decision by Lincolnshire County Council to develop new facilities to enable GHA to meet the needs of all pupils.

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c. KEY PERFORMANCE INDICATORS

The extraordinary events of 2019/20 with the Covid-19 pandemic set some new challenges and indirectly we established some objectives for the Trust. The key objectives were to support the Government throughout the pandemic by keeping our schools open, even on bank holidays, and supporting key workers and vulnerable children. Shortly after lockdown it became a key priority to develop further our support for learning at home and it was also achieved as described previously in the strategic report.

On the 31 August 2020 we are delighted to report all five academies in the Trust have a sound and comprehensive curriculum appropriate to the needs of the young people. They are all fully staffed for the 2020/21 academic year with very good leadership teams. As a Trust we placed great emphasis on Child Protection and Safeguarding, using Lincolnshire County Council Policies, Processes and Procedures. The Trust Board have a dedicated Trustee for safeguarding and all academies have dedicated governors, specialist staff and dedicated training on an annual basis.

The Trust had no formal complaints in 2019/20 that were escalated to the Trust Board.

d. GOING CONCERN

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

e. PROMOTING THE SUCCESS OF THE COMPANY

It was and remains of key importance to promote the academies in the Trust to ensure that pupil numbers continue to be maintained or grow. This is achieved through our websites, which include virtual tours of the academies, short talks from the Principal and staff as well as the pupils.

Brochures are produced and circulated as well as advertising in local newspapers. Normally there is an opportunity to visit the academies or attend open evenings, but these are no longer possible during the Covid-19 pandemic, thus our use of virtual experiences for future reference.

Financial Review

In all of our expenditure the CEO, DCEO, CFO and Executive Principals and their staff, including the Finance Managers, have sought best value for money and question choices and options made. The Trust has an operations board that meets six times a year and seeks to coordinate all our services. The last two meetings of this committee were cancelled due to the pandemic and the senior executive team carried out the work. The Trust uses tendered outsourced services for a number of its functions with all contract renewals reviewed to seek the best value. Most contracts run across the whole Trust, although as new academies join the Trust there is some phased integration. The Audit and Risk Committee has reviewed the financial regulations and policy as well as the treasury policy in light of changes to the governance structure and the Trusts increased size and made the adjustments that the Trust Board has agreed.

The majority of the academy's income derives from central Government funding via the Education Skills Funding Agency (ESFA). The academies also received pupil premium and local authority funding to support special educational needs, designated special provision and capital funds towards fixtures, fittings and equipment. In addition, UAH raises funds from the ESFA through its expertise in apprenticeships and use of its facilities. GHA receives funding from Lincolnshire County Council for the delivery of the council's autism outreach programme. UAH was also in receipt of funding from Lincolnshire County Council for the new science block so it can expand its PAN to 240. The new build started in January 2020, but was impacted by the Covid-19 pandemic and as such will not be completed until the autumn term.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

In the financial year we had significant additional costs related to the Covid-19 pandemic estimated to be around £80,500, we have entered claims amounting to £33,783 and have been notified that we will receive £11,188 of this amount with the remainder being subject to further ESFA approval. Some minor savings were made during the period, but these were offset by having the academies open during the holiday periods with extra cleaning and costs which could not be reclaimed. Some refunds have been received from examination fees for our secondary academies, but not all as far as we are aware.

The deficit generated during the year in restricted general funds (excluding pension) and unrestricted funds was £490,323. During the year ended 31 August 2020 the total operating expenditure of £19.44m was covered by grant funding and other incoming resources. Each academy managed its budget within its agreed budget set at the start of the financial year. In light of the challenging outlook for funding education in the next few years, the Trust has determined that all academies must set at least a balanced budget. In 2018/19 we received grants from Lincolnshire County Council and the Regional Schools Commissioner and these are held in the Trusts central account, but will be spent over the next two to three years. The deficit of income over expenditure (excluding fixed asset reserves and pension actuarial adjustments) was £0.16m. The central charges for central contracts are charged directly to each academy based on the contracting formulae, as are staff who work across academies such as the Finance Manager. The costs of the CEO and CFO who remain central contracted are 0.38% of total expenditure.

At 31 August 2020 the net current assets were £2.34m and the net book value of tangible fixed assets was £16.45m. The assets were used exclusively for providing education and the associated support services to the learners of the academies.

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 Trustees do not believe the liability represents a material risk because the liability would be spread over medium to long term, which would minimise its impact.

The Chair of the Trust receives the management accounts on a monthly basis, and all Trustees will receive them on a bi-monthly basis. They will also be an item on all Trust Board agendas.

a. RESERVES POLICY

The Trust holds total funds of £11.32m. Of this sum £1.92m are restricted revenue funds, £16.45m relates to the value of fixed assets and as such, would be available only by the disposal of tangible fixed assets, and (£7.47m) relates to the value of the LGPS deficit. Unrestricted revenue funds total £0.42m.

It is the Trust's 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.

As at 31 August 2020, £19,789 was held by the Trust in relation to bursary funding received for students.

b. INVESTMENT POLICY

The Trustees' 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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees consider that the principal risks and uncertainties facing each established academy are:

1. Meeting requisite standards of education for students in core subjects.
2. Managing a pandemic in a high risk environment.
3. Failure to have adequate risk assessments and controls in place.
4. Complying with legislative requirements regarding employment law, GDPR, discrimination, Companies House and HMRC, safeguarding and child protection, gender pay gap reporting, the Charity Commission and the regulations related to the curriculum.
5. 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.
6. Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.
7. Inadequate buildings or environmental systems that can lead to school closure.
8. Failure to recruit sufficient pupils to make any academy viable.
9. Losing high quality experienced staff.
10. Having adverse publicity from an Ofsted inspection or other major incident.
11. Failure of the academy IT systems.
12. Expanding of the Trust without the skill or manpower to accommodate such growth.
13. Failure to set in place adequate succession planning.

The key controls used by the Trust include:

1. Detailed terms of reference for all committees.
2. Formal agendas for the Trust and academies 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.
7. Regular training of all staff.

Financial and risk management objectives and policies

Most of the Trust'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 Trust's objects. The grants received from the DfE during the period ended 31 August 2020 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

Risk management

Risk management has always been a key feature of the Trust with risk assessments for the Trust and each academy being scrutinised by the audit and risk committee on an annual basis. In addition, business continuity plans are in place for each establishment to ensure we have a support system if failures take place. This year Covid-19 specific risk assessments were set up initially for the whole Trust and then in July for each academy to ensure they were fit for purpose. The Trustees, CEO, DCEO, CFO, Executive Principals and Governors have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy and its finances.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2020

The Principals have implemented a number of systems to assess the risks that the academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying, school trips etc.) and in relation to the control of finance. They have introduced systems, including operational procedures such as vetting of new staff, supervision of school buildings and grounds, as well as an effective system of internal financial control in order to minimise risks.

Risks to the Trust fall into the following categories:

1. Financial - Income to the Trust is always predicted prudently and expenditure plans are controlled by a strong committee structure. The Principals are 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 Principals are accountable to the governing body for academic results.
3. Compliance with statutory and regularity requirements - To support the Trust we now have a compliance officer.
4. 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.
5. Operational - These risks are minimised by employment of high quality staff who are well trained and constantly updated, standard operating procedures linked to best practice are adopted and a review and improve strategy is part of the Trusts culture.

Fundraising

The Trust does not participate in fundraising to subsidise our educational provision. A small amount of fundraising is undertaken in the form of special events, such as non-uniform days to collect for various selected charities during the year, which are paid across to the charities after collection. The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by Trustees.

Plans for future periods

The Members have commissioned a report on the future development of the Trust from a consultant. This report will be presented to the Trust Board in the autumn term after six months research.

The key plan is to ensure when inspected that both HBA and UALS have good inspections which will demonstrate the Trust has the capacity to significantly improve both primary and secondary schools.

Ambitious targets are set for pupil attainment and progress in each academy. There will be a continuing emphasis on strategies to improve performance of the pupils receiving pupil premium and also high attaining pupils, being implemented through careful analysis of pupil performance data. A key piece of work developed during the partial closure was the work on supporting learning at home.

The emphasis on reading will be maintained as will all academy activities. There are plans to further enhance arts, cultural, music and sport activities, including the use of sports premium funding in our primary academies.

Further resources will be directed towards CPD (Continuing Professional Development) to continue the drive to improve teaching and learning. The academies will seek to work more closely together sharing where appropriate expertise and will all work with our sponsor the University of Lincoln to enhance our provision. Each academy will continue to use expert external advisers to assess their judgments and to ensure best practice is achieved.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	3,068,881
Energy consumption breakdown (kWh)	
<ul style="list-style-type: none"> Gas Electricity Transport fuel 	1,992,537 1,006,043 70,301
Scope 1 emissions in metric tonnes CO₂e	
Gas consumption	366.37
Owned transport - mini-buses	3.70
Total scope 1	370.07
Scope 2 emissions in metric tonnes CO₂e	
Purchased electricity	234.55
Scope 3 emissions in metric tonnes CO₂e	
Business travel in employee owned vehicles	13.45
Total gross emissions in metric tonnes CO₂e	618.07
Intensity ratio	
Tonnes CO ₂ e per pupil	0.26
Quantification and reporting methodology:-	
<ul style="list-style-type: none"> We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting. 	
Intensity measurement	
The chosen intensity measurement ratio is total gross emission in metric tonnes CO ₂ e per pupil, the recommended ratio for the sector.	
Measures taken to improve energy efficiency	
The Trust has taken the action to install LED lighting on replacement of current light fittings across all sites where possible and, led in some part by the Covid-19 pandemic, video conferencing technology is now used for all meetings across the Trust where possible including Governing committees, Trust Board, Audit and Risk Committee etc. which results in a reduction in travel between sites.	

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

DISCLOSURE OF INFORMATION TO AUDITORS

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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2020 and signed on its behalf by:



Professor A Hunter
Chair of Trustees

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED**(A company limited by guarantee)**

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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to Mr A Breckon as CEO and 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 board of trustees any material weaknesses or breakdowns in internal control.

During the Covid-19 pandemic and resulting partial closure of our academies, the board of trustees gave full executive power to the CEO to take actions necessary to meet Government requirements and related health and safety issues. The board of trustees and Members were delighted with the way the executive managed this demanding period and greatly appreciated the support from our staff.

GOVERNANCE

The members met on five occasions during the year with one occasion being a full day meeting when in depth debate took place.

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. To maintain effective oversight the senior officers provide monthly briefings to the Trust Board and the CEO gives regular feedback to the chair. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Prof T Wilkinson	5	5
Prof V Braybrooks	4	5
Dr E Libbey	4	5
Mr A Robinson	2	5
Ms M Allison	4	4
Mr K Batty	5	5
Prof I Abrahams	1	3
Mr W Naylor	5	5
Prof D French	2	2
Prof S Davidson	-	-

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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GOVERNANCE STATEMENT (continued)

GOVERNANCE REVIEWS

The board of trustees review and respond to any third party review of governance requirements. The board of trustees is aware of their responsibility to consider laws and regulations, finance systems and controls and also community responsibility. The board is aware of the requirement to ensure the work of the board is effective.

The audit and risk committee is a sub-committee of the main board of trustees. Its purpose is to review and control the financial performance of the Trust. There were three meetings of the Audit Committee during the year.

Members of the Audit and Risk Committee and their attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Prof V Braybrooks (Chair and Trustee)	3	3
Dr E Libbey (Trustee)	2	3
Mr K Batty (Trustee)	3	3
Mr D Braham (Independent Member)	3	3
Ms D Hall (Independent Member)	2	3

The CEO, CFO and Finance Manager were in attendance at all Audit and Risk Committee meetings.

REVIEW OF VALUE FOR MONEY

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the 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 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 Lincolnshire Educational Trust Limited is fully committed to seeking best value for money; from investing in the future in a new infrastructure and educational experiences to ensuring every child and young person can fulfil their potential. We annually look at every contract and determine best value from all suppliers and this is now part of our standard operating procedures across the Trust.

The Trust however believes it has provided very good value for money to tax payers in 2019/20 with the provision of a broad, wide ranging curriculum in all academies and very significant extracurricular activities is what we aim to offer and that has been achieved with good results in all of our academies. The investment in Saturday workshops and holiday tuition has been very well received by students at UAH and the impact is significant. The academies work very closely together and expertise is shared and in 2019/20 the University of Lincoln is providing support in the arts and with teacher recruitment and initial teacher training and at GHA there has been significant research carried out at post graduate level, a feature we hope to expand.

The Trust takes a top slice of 0.39% of turnover to fund the CEO and CFO roles in the Trust which we believe is first class value for money as both of these positions are held by very experienced personnel. In 2018/19 the CEO costs increased because of the work related to the sponsored Academies. Part of that cost has been offset from the grant for sponsorship of Holbeach Bank Academy and the Pele Community College. The Trust is very keen to ensure a very efficient and effective infrastructure supports its academies but maximum resources are spent on teaching and learning. The Trust will continue to seek best value whenever it can to ensure maximum resources are available to support the learning of pupils in the academies.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Lincolnshire Educational Trust Limited for the period 1 September 2019 to 31 August 2020 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 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 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 Trust Board 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.
- Identification and management of risks.

The board of trustees has decided to employ Forrester Boyd as an internal auditor for the 2020/21 financial year. For the 2019/20 period internal assurance was provided by Duncan & Toplis as an extension to their external audit. They have concluded their existing engagement, and can no longer fulfil the requirement due to being the academy trusts external auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control accounts/bank reconciliations
- Testing of tangible fixed assets
- Testing of general compliance issues e.g. website, Health and Safety

On a quarterly basis, the internal auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions to assess year on year progress.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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GOVERNANCE STATEMENT (continued)


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 or the school resource management self-assessment tool.
- 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 and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2020 and signed on its behalf by:



.....
Professor A Hunter
Chair of Trustees



.....
Mr A Breckon
Accounting Officer

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Lincolnshire Educational Trust Limited I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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 ESFA.



.....
Mr A Brackon
Accounting Officer

Date: 11.12.20.....

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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 Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.
- 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.
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by the order of the members of the board of trustees on 11 December 2020 and signed on its behalf by:



Professor A Hunter
Chair of Trustees

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

OPINION

We have audited the financial statements of The Lincolnshire Educational Trust Limited (the 'Academy') for the year ended 31 August 2020 which comprise the Statement of financial activities incorporation income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- Give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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 the United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where:

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- The information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



.....
Alistair Main FCA (Senior Statutory auditor)

For and on behalf of

Duncan & Topliss Limited

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date: 14 December 2020

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter date 1 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 year 1 September 2019 to 31 August 2020 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 Lincolnshire Educational Trust Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Lincolnshire Educational Trust Limited and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Lincolnshire Educational Trust Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Lincolnshire Educational Trust Limited's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook, extant from 1 September 2019, 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 are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Alistair Main FCA

Duncan & Topliss Limited

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date: 14 December 2020
.....

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020	Total funds 2019
	Note	£	£	£	£	£
INCOME FROM:						
Donations and capital grants	2	-	31,516	1,683,015	1,714,531	142,166
Charitable activities	3	-	16,584,145	-	16,584,145	14,379,799
Other trading activities	4	233,675	502,568	-	736,243	840,279
Investments	5	5,146	-	-	5,146	7,239
Transfer on conversion	31	-	-	-	-	6,060,000
TOTAL INCOME		238,821	17,118,229	1,683,015	19,040,065	21,429,483
EXPENDITURE ON:						
Charitable activities		242,927	18,679,148	520,755	19,442,830	14,474,405
TOTAL EXPENDITURE	6	242,927	18,679,148	520,755	19,442,830	14,474,405
NET INCOME/(EXPENDITURE)						
BEFORE TRANSFERS		(4,106)	(1,560,919)	1,162,260	(402,765)	6,955,078
Transfers between funds	18	-	(333,298)	333,298	-	-
NET INCOME/EXPENDITURE						
BEFORE OTHER RECOGNISED						
GAINS AND LOSSES		(4,106)	(1,894,217)	1,495,558	(402,765)	6,955,078
Actuarial gain/(loss) on defined benefit pension schemes	25	-	(195,000)	-	(195,000)	(1,493,000)
NET MOVEMENT IN FUNDS		(4,106)	(2,089,217)	1,495,558	(597,765)	5,462,078
RECONCILIATION OF FUNDS:						
Total funds brought forward		426,925	(3,464,423)	14,957,759	11,920,261	6,458,183
TOTAL FUNDS CARRIED FORWARD		422,819	(5,553,640)	16,453,317	11,322,496	11,920,261

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

REGISTERED NUMBER: 07647805

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	16,453,317	14,957,759
CURRENT ASSETS			
Stock	15	42,392	42,561
Debtors	16	1,308,866	518,197
Cash at bank and in hand		1,990,438	3,260,739
		<u>3,341,696</u>	<u>3,821,497</u>
CREDITORS: amounts falling due within one year	17	<u>(998,517)</u>	<u>(987,995)</u>
NET CURRENT ASSETS		2,343,179	2,833,502
TOTAL ASSETS LESS CURRENT LIABILITIES		18,796,496	17,791,261
CREDITORS: amounts falling due after more than one year		-	-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES		18,796,496	17,791,261
Defined benefit pension scheme liability	25	(7,474,000)	(5,871,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES		<u>11,322,496</u>	<u>11,920,261</u>
FUNDS OF THE TRUST			
Restricted income funds			
Restricted income funds	18	1,920,360	2,406,577
Restricted fixed asset funds	18	16,453,317	14,957,759
Restricted funds excluding pension scheme liability		18,373,677	17,364,336
Pension reserve		<u>(7,474,000)</u>	<u>(5,871,000)</u>
Total restricted funds		10,899,677	11,493,336
Unrestricted income funds	18	422,819	426,925
TOTAL		<u>11,322,496</u>	<u>11,920,261</u>

The financial statements on pages 28 to 54 were approved by the Trustees, and authorised for issue, on 11 December 2020 and are signed on their behalf, by:



Prof A Hunter
Chair of Trustees

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	21	(942,149)	8,016,839
Cash flows from investing activities	22	(328,152)	(6,509,326)
Change in cash and cash equivalents in the Year		<u>(1,270,301)</u>	<u>1,507,513</u>
Cash and cash equivalents brought forward		3,260,739	1,753,226
Cash and cash equivalents carried forward	23/24	<u>1,990,438</u>	<u>3,260,739</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Lincolnshire Educational Trust Limited constitutes a public benefit entity as defined by FRS 102.

1.2 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 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the academy trust has provided the goods or services.

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received.

1.4 Expenditure

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

- **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.

1.5 Tangible fixed assets and depreciation

Assets costing £700 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 incorporating income and expenditure account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% or 10% straight line
Leasehold buildings	-	2% straight line
Leasehold improvements	-	0% to 10% straight line
Assets under construction	-	Not depreciated
Furniture and equipment	-	20% straight line
Computer equipment	-	33% straight line
Motor vehicles	-	20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

1.6 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. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

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

1.9 Financial instruments

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

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

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

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

1.10 Stock

Unsold uniforms, catering stocks, oil stocks and sundry items are valued at the lower of cost or net realisable value.

1.11 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.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

Accordingly, the 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.

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

1.13 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 funder/donor and include grants from the Department of Education.

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16 – 19 bursary funds from the ESFA. The trust can use up to 5% of the allocation towards its own administration costs. The funds received and paid and any balances are disclosed in note 30.

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

1.16 Comparatives

On 1 July 2019, University Academy Long Sutton converted to academy status and all of the operations and assets and liabilities were transferred to The Lincolnshire Educational Trust Limited. Therefore the figures for 2018/19 are representative of University Academy Holbeach, Holbeach Primary Academy, Holbeach Bank Academy and Gosberton House Academy for the full financial year and University Academy Long Sutton from 1 July 2019. The current year represents all five academies for the full period.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Capital grants	-	1,683,015	1,683,015	142,166
Other donations	-	31,516	31,516	-
	-	1,714,531	1,714,531	142,166
Total 2019	-	142,166	142,166	

3 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant	-	13,534,069	13,534,069	10,521,735
Start Up Grant	-	-	-	94,500
Other DfE/ESFA - Revenue Grants	-	180,404	180,404	125,484
Other DfE/ESFA - TPG/TPECG	-	713,697	713,697	81,171
Pupil Premium	-	712,554	712,554	484,853
	-	15,140,724	15,140,724	11,307,743
Total 2019	-	11,307,743	11,307,743	
Other Government grants				
Local authority grants	-	1,432,233	1,432,233	3,072,056
Total 2019	-	3,072,056	3,072,056	
Exceptional Government funding				
Coronavirus exceptional support	-	11,188	11,188	-
Total 2019	-	-	-	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £11,188 of free school meal voucher costs. These costs are included in notes 6 and 7 as appropriate.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4 OTHER TRADING ACTIVITIES

	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020	Total funds 2019
	£	£	£	£
Outreach services	3,752	-	3,752	9,493
Catering income	220,727	36,780	257,507	387,693
Sales to pupils	-	1,599	1,599	4,559
Hire of facilities	9,196	-	9,196	4,369
Other income	-	293,470	293,470	236,270
Apprenticeship income	-	169,056	169,056	190,836
Music tuition	-	1,663	1,663	7,059
	<u>233,675</u>	<u>502,568</u>	<u>736,243</u>	<u>840,279</u>
Total 2019	<u>350,166</u>	<u>490,113</u>	<u>840,279</u>	

5 INVESTMENT INCOME

	Unrestricted funds 2020	Total funds 2020	Total funds 2019
	£	£	£
Investment income - other local investments	<u>5,146</u>	<u>5,146</u>	<u>7,239</u>
Total 2019	<u>7,239</u>	<u>7,239</u>	

6 EXPENDITURE

	Total 2020	Total 2019
	£	£
Funding for the academy trust's educational operations	<u>19,442,830</u>	<u>14,474,405</u>

7 ANALYSIS OF EXPENDITURE BY ACTIVITIES

Analysis of direct costs

	Total 2020	Total 2019
	£	£
Pension interest	126,000	95,000
Educational supplies	387,535	523,906
Outreach costs	316,119	325,814
Technology costs	182,266	139,652
Examination fees	205,350	226,016
Staff development	72,011	66,903
Other costs	109,842	179,177
Wages and salaries	9,418,999	7,249,062
National insurance	949,156	717,699
Pension costs	2,697,015	1,348,576
Depreciation	339,084	206,881
	<u>14,803,377</u>	<u>11,078,686</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7 ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Total 2020	Total 2019
	£	£
Wages and salaries	2,848,228	1,876,973
Depreciation	181,982	165,947
(Profit)/loss on disposal of fixed assets	(311)	(442)
Recruitment and support	45,988	45,949
Maintenance of premises and equipment	287,808	199,622
Cleaning	40,746	21,494
Rent and rates	158,132	115,546
Energy costs	244,723	165,880
Insurance	109,417	105,181
Transport	108,024	43,605
Telephone, postage and stationery	139,815	102,163
Catering	279,707	316,266
Other costs	94,117	103,368
Bank interest and charges	1,070	1,413
Auditor's remuneration	20,750	12,758
Legal fees	11,039	40,444
Professional fees	68,218	79,552
	<u>4,639,453</u>	<u>3,395,719</u>

During the year ended 31st August 2020, the Trust incurred the following governance costs:

£88,968 (2019 - £92,310) included within the table above in respect of funding for the Trust's educational operations.

8 EXPENDITURE

	Staff costs 2020	Premises 2020	Other costs 2020	Total 2020	Total 2019
	£	£	£	£	£
Funding for the Trust:					
Direct costs	13,191,170	339,084	1,273,123	14,803,377	11,078,686
Support costs	2,848,228	840,826	950,399	4,639,453	3,395,719
	<u>16,039,398</u>	<u>1,179,910</u>	<u>2,223,522</u>	<u>19,442,830</u>	<u>14,474,405</u>
Total 2019	<u>11,287,310</u>	<u>814,604</u>	<u>2,372,491</u>	<u>14,474,405</u>	

9 NET INCOME/(EXPENDITURE)

This is stated after charging:

	2020	2019
	£	£
Depreciation	521,066	372,828
(Gain)/loss on disposal of fixed assets	(311)	(442)
Fees payable to auditor for:		
- audit	17,110	12,758
- other services	3,640	1,857
Operating lease rentals	<u>53,389</u>	<u>14,770</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10 STAFF COSTS

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	10,837,557	8,270,036
Social Security costs	1,078,276	811,542
Operating costs of defined benefit pension scheme	3,819,744	1,932,387
	<u>15,735,577</u>	<u>11,013,965</u>
Agency staff costs	295,821	267,699
Staff restructuring costs	8,000	5,646
	<u>16,039,398</u>	<u>11,287,310</u>
Staff restructuring costs comprise:		
Redundancy payments	-	5,646
Severance payments	8,000	-
	<u>8,000</u>	<u>5,646</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £8,000 (2019 - £Nil). Individually the payment was £8,000.

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

	2020	2019
	No.	No.
Management	19	20
Teachers	186	137
Support	222	167
	<u>427</u>	<u>324</u>

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	3	-
In the band £70,001 - £80,000	4	3
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £200,000	1	1

The key management of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,690,781 (2019 - £1,384,663).

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FOR THE YEAR ENDED 31 AUGUST 2020**

11 CENTRAL SERVICES

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

Consultancy services

The Trust charges for these services on the following basis:

Time apportioned (based on actual time spent).

The actual amounts charged during the year were as follows:

	2020	2019
	£	£
University Academy Holbeach	39,600	27,416
Holbeach Primary Academy	5,604	3,655
Holbeach Bank Academy	2,148	1,371
Gosberton House Academy	8,600	6,580
University Academy Long Sutton	15,048	1,383
Total	<u>71,000</u>	<u>40,405</u>

12 TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows (all of whom resigned from their role as Trustees in June and July 2019):

		2020	2019
		£	£
Mr S Baragwanath (UAH/UALS) (Exec. Principal/Trustee)	Remuneration	Nil	90,000 - 95,000
	Pension contributions paid	Nil	15,000 - 20,000
Mrs S Boor (HPA/HBA) (Exec. Principal/Trustee)	Remuneration	Nil	65,000 - 70,000
	Pension contributions paid	Nil	10,000 - 15,000
Mrs L Stanton (GHA) (Exec. Principal/Trustee)	Remuneration	Nil	75,000-80,000
	Pension contributions paid	Nil	10,000-15,000
Mr A Breckon (CEO/Trustee)	Remuneration	Nil	25,000 - 30,000
	Pension contributions paid	Nil	Nil

During the year travel and subsistence expenses totalling £Nil (2019 - £1,806) were reimbursed to 0 Trustees (2019 - 2).

13 TRUSTEES' AND OFFICERS' INSURANCE

The 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.

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14 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Leasehold improvements £	Assets under construction £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost								
At 1 September 2019	7,095,224	6,903,000	1,350,981	-	828,410	1,621,416	55,248	17,854,279
Transferred on conversion	-	-	-	-	-	-	-	-
Additions	160,625	-	188,324	1,473,565	135,215	59,151	-	2,016,880
Disposals	-	-	-	-	-	(743)	-	(743)
At 31 August 2020	7,255,849	6,903,000	1,539,305	1,473,565	963,625	1,679,824	55,248	19,870,416
Depreciation								
At 1 September 2019	-	371,865	389,374	-	645,586	1,439,501	50,194	2,896,520
Charge for the year	130,161	138,060	70,863	-	83,630	93,298	5,054	521,066
On disposals	-	-	-	-	-	(487)	-	(487)
At 31 August 2020	130,161	509,925	460,237	-	729,216	1,532,312	55,248	3,417,099
Net book value								
At 31 August 2020	7,125,688	6,393,075	1,079,068	1,473,565	234,409	147,512	-	16,453,317
At 31 August 2019	7,095,224	6,531,135	961,607	-	182,824	181,915	5,054	14,957,759

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15 STOCKS

	2020	2019
	£	£
Consumables	42,392	42,561

16 DEBTORS

	2020	2019
	£	£
Trade debtors	233,061	56,281
VAT repayable	107,703	135,825
Other debtors	275,436	146,792
Prepayments and accrued income	692,666	179,299
	<u>1,308,866</u>	<u>518,197</u>

17 CREDITORS: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	259,969	491,807
Other creditors	46,277	17,093
Accruals and deferred income	692,271	479,095
	<u>998,517</u>	<u>987,995</u>

	2020	2019
	£	£
Deferred income		
Deferred income at 1 September 2019	67,222	295,885
Resources deferred during the year	142,673	64,726
Amounts released from previous years	(66,598)	(293,389)
	<u>143,297</u>	<u>67,222</u>

Deferred income comprises grants received in the year towards future expenditure.

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18 STATEMENT OF FUNDS

	Balance As At 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance As At 31 August 2020 £
Unrestricted funds						
General funds	83,129	-	-	-	-	83,129
Hire of premises	38,729	9,196	-	-	-	47,925
Investment income	31,318	5,146	-	-	-	36,464
Catering income	235,309	220,727	(242,927)	-	-	213,109
Outreach	38,440	3,752	-	-	-	42,192
	<u>426,925</u>	<u>238,821</u>	<u>(242,927)</u>	<u>-</u>	<u>-</u>	<u>422,819</u>
Restricted funds						
GAG	1,060,577	13,531,859	(13,325,494)	(333,298)	-	933,644
Start Up Grant	74,000	-	(74,000)	-	-	-
Other ESFA grants	-	803,779	(803,779)	-	-	-
Rates funding	-	101,510	(101,510)	-	-	-
Other government grants	1,148,131	762,867	(1,045,076)	-	-	865,922
Total other income	-	260,698	(260,698)	-	-	-
School fund	123,869	64,288	(67,363)	-	-	120,794
Bursary - admin element	-	2,210	(2,210)	-	-	-
Outreach	-	617,496	(617,496)	-	-	-
Pupil Premium	-	712,554	(712,554)	-	-	-
Sports Premium	-	51,870	(51,870)	-	-	-
Catering	-	36,780	(36,780)	-	-	-
Sales to pupils	-	1,599	(1,599)	-	-	-
Apprenticeship	-	169,056	(169,056)	-	-	-
Music	-	1,663	(1,663)	-	-	-
Pension reserve	(5,871,000)	-	(1,408,000)	-	(195,000)	(7,474,000)
	<u>(3,464,423)</u>	<u>17,118,229</u>	<u>(18,679,148)</u>	<u>(333,298)</u>	<u>(195,000)</u>	<u>(5,553,640)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	14,957,759	1,683,015	(520,755)	333,298	-	16,453,317
Total restricted funds	<u>11,493,336</u>	<u>18,801,244</u>	<u>(19,199,903)</u>	<u>-</u>	<u>(195,000)</u>	<u>10,899,677</u>
Total funds	<u>11,920,261</u>	<u>19,040,065</u>	<u>(19,442,830)</u>	<u>-</u>	<u>(195,000)</u>	<u>11,322,496</u>

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020

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18 STATEMENT OF FUNDS

Comparative information in respect of the preceding period is as follow:

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	83,129	-	-	-	-	83,129
Hire of premises	34,360	4,369	-	-	-	38,729
Investment income	24,079	7,239	-	-	-	31,318
Catering income	163,882	336,304	(264,877)	-	-	235,309
Outreach	28,947	9,493	-	-	-	38,440
	<u>334,397</u>	<u>357,405</u>	<u>(264,877)</u>	<u>-</u>	<u>-</u>	<u>426,925</u>
Restricted funds						
GAG	1,188,897	10,519,475	(10,191,230)	(456,565)	-	1,060,577
Start Up Grant	-	94,500	(20,500)	-	-	74,000
Other ESFA grants	-	118,256	(118,256)	-	-	-
Rates funding	-	88,399	(88,399)	-	-	-
Other government grants	15,475	2,402,606	(1,269,950)	-	-	1,148,131
Total other income	520	118,268	(118,788)	-	-	-
School fund	112,480	118,002	(106,613)	-	-	123,869
Bursary - admin element	-	2,260	(2,260)	-	-	-
Outreach	-	617,500	(617,500)	-	-	-
Pupil Premium	-	484,853	(484,853)	-	-	-
Sports Premium	-	51,950	(51,950)	-	-	-
Catering	-	51,389	(51,389)	-	-	-
Sales to pupils	-	4,559	(4,559)	-	-	-
Apprenticeship	-	190,836	(190,836)	-	-	-
Music	-	7,059	(7,059)	-	-	-
Pension reserve	(3,185,000)	(680,000)	(513,000)	-	(1,493,000)	(5,871,000)
	<u>(1,867,628)</u>	<u>14,189,912</u>	<u>(13,837,142)</u>	<u>(456,565)</u>	<u>(1,493,000)</u>	<u>(3,464,423)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	7,991,414	6,882,166	(372,386)	456,565	-	14,957,759
Total restricted funds	<u>6,123,786</u>	<u>21,072,078</u>	<u>(14,209,528)</u>	<u>-</u>	<u>(1,493,000)</u>	<u>11,493,336</u>
Total funds	<u>6,458,183</u>	<u>21,429,483</u>	<u>(14,474,405)</u>	<u>-</u>	<u>(1,493,000)</u>	<u>11,920,261</u>

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18 STATEMENT OF FUNDS (continued)

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

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

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

Local government grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the Trust to assist with the pupil's education.

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

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

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

The pension reserve arises from the actuarial measurement of the Trust's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the Trust in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £1,412,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £195,000 actuarial increase in the net pension fund deficit.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2020 were allocated as follows:

	Total 2020	Total 2019
	£	£
University Academy Holbeach	871,323	958,550
Holbeach Primary Academy	286,017	254,652
Gosberton House Academy	354,664	343,157
Holbeach Bank Academy	17,751	24,664
University Academy Long Sutton	(26,160)	77,983
The Lincolnshire Educational Trust	839,584	1,174,496
Total before fixed asset fund and pension reserve	2,343,179	2,833,502
Restricted fixed asset fund	16,453,317	14,957,759
Pension reserve	(7,474,000)	(5,871,000)
Total	11,322,496	11,920,261

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18 STATEMENT OF FUNDS (continued)

University Academy Long Sutton is carrying a net deficit of £26,160 on these funds due to initial spending on conversion of upgrading the academy in line with the rest of the Trust alongside reduced income due to the impact of Covid-19.

The academy trust has taken steps to return the academy to a surplus by changing supplier contracts where possible to represent better value for money alongside an organic reduction on the initial spending and the foresight of the academy remaining open to allow income to resume as normal.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support	Other support staff costs	Educational supplies	Other costs exc. depr'n	Total 2020	Total 2019
	£	£	£	£	£	£
University Academy Holbeach	7,015,793	1,360,176	569,327	748,040	9,693,336	9,339,271
Holbeach Primary Academy	1,412,337	234,094	74,870	240,621	1,961,922	1,796,787
Gosberton House Academy	1,499,540	265,881	388,571	145,746	2,299,738	2,260,480
University Academy Long Sutton	3,263,500	858,568	168,344	531,927	4,822,339	573,488
Lincolnshire Educational Trust	-	129,509	-	15,231	144,740	131,993
	13,191,170	2,848,228	1,201,112	1,681,565	18,922,075	14,102,019

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets	-	-	16,453,317	16,453,317
Current assets	422,819	2,918,877	-	3,341,696
Creditors due within one year	-	(998,517)	-	(998,517)
Creditors due in more than one year	-	-	-	-
Provisions for liabilities and charges	-	(7,474,000)	-	(7,474,000)
	422,819	(5,553,640)	16,453,317	11,322,496

Comparative information in respect of the preceeding period is as follows:

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets	-	-	14,957,759	14,957,759
Current assets	426,925	3,394,572	-	3,821,497
Creditors due within one year	-	(987,995)	-	(987,995)
Creditors due in more than one year	-	-	-	-
Provisions for liabilities and charges	-	(5,871,000)	-	(5,871,000)
	426,925	(3,464,423)	14,957,759	11,920,261

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20 CAPITAL COMMITMENTS

	2020	2019
	£	£
Contracted for, but not provided in the financial statements	167,080	141,913

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

	2020	2019
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	(402,765)	6,955,078
Adjusted for:		
Depreciation charges	521,066	372,828
Capital grants from DfE and other capital income	(1,683,015)	(142,166)
Interest receivable	(5,146)	(7,239)
Profit on disposal of tangible fixed assets	(311)	(442)
(Increase)/Decrease in stocks	169	6,395
(Increase)/Decrease in debtors	(790,669)	91,401
Increase/(Decrease) in creditors	10,522	227,984
Defined benefit pension scheme finance cost	1,408,000	513,000
Net cash provided by operating activities	(942,149)	8,016,839

22 CASH FLOWS FROM INVESTING ACTIVITIES

	2020	2019
	£	£
Dividends, interest and rents from investments	5,146	7,239
Proceeds from sale of tangible fixed assets	567	442
Purchase of tangible fixed assets	(2,016,880)	(599,173)
Restricted FA fund transfer on conversion	-	(6,740,000)
Capital grants from DfE and other capital income	1,683,015	142,166
Pension scheme deficit transfer on conversion	-	680,000
Net cash used in investing activities	(328,152)	(6,509,326)

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank	1,990,438	3,260,739

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24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	3,260,739	(1,270,301)	-	-	1,990,438
Cash equivalents	-	-	-	-	-
	3,260,739	(1,270,301)	-	-	1,990,438
Loans falling due within one year	-	-	-	-	-
Loans falling due after more than one year	-	-	-	-	-
Finance lease obligations	-	-	-	-	-
Total	3,260,739	(1,270,301)	-	-	1,990,438

25 PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)

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25 PENSION COMMITMENTS (continued)

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £1,761,414 (2019 - £922,931).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £842,000 (2019 - £608,000), of which employer's contributions totalled £672,000 (2019 - £482,000) and employee's contributions totalled £170,000 (2019 - £126,000). The agreed employer contribution rates for future years are 20.9% for UAH, 18.9% for GHA, 20.4% for HPA, 20.7% for HBA and 20.7% for UALS. The contribution rates for employees range from 5.5% to 12.5%.

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

The LGPS is in deficit. In order to finance the Trust's share of the deficit, the Trust has entered into an agreement to make additional lump sum contributions in addition to the normal funding levels for future years. The agreed additional contributions are 2020/21 £96,000 and 2021/22 £98,000.

Principal actuarial assumptions:

	2020	2019
Discount rate for scheme liabilities	1.7%	1.8%
Rate of increase in salaries	2.5%	2.7%
Rate of increase in pensions in payment/inflation	2.2%	2.3%

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

	Retiring today		Retiring in 20 years	
	2020	2019	2020	2019
Males	21.4	21.2	22.4	22.5
Females	23.7	23.5	25.2	25.2

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25 PENSION COMMITMENTS (continued)

Sensitivity analysis

	2020	2019
	£'000	£'000
Discount rate -0.1%	389	287
Salary increase rate +0.1%	40	36
CPI rate +0.1%	342	245

The academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2020	Fair value at 31 August 2019
	£	£
Equities	5,016,300	4,232,540
Debt instruments	1,454,000	927,680
Property	727,000	579,800
Cash	72,700	57,980
Total market value of assets	<u>7,270,000</u>	<u>5,798,000</u>

The actual return on scheme assets was £129,000 (2019 - £146,000).

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

	2020	2019
	£	£
Current service cost	(1,412,000)	(822,000)
Past service cost (including curtailments)	-	(54,000)
Interest income	129,000	146,000
Interest cost	(255,000)	(241,000)
	<u>(1,538,000)</u>	<u>(971,000)</u>

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

	2020	2019
	£	£
Opening defined benefit obligation	12,531,000	8,128,000
Current service cost	1,412,000	822,000
Past service cost (including curtailments)	-	54,000
Interest cost	255,000	241,000
Employee contributions	170,000	126,000
Actuarial losses	(60,000)	1,666,000
Benefits paid	(106,000)	(72,000)
Effect of business combinations	542,000	1,566,000
Closing defined benefit obligation	<u>14,744,000</u>	<u>12,531,000</u>

The past service costs of £54,000 in 2019 arose as a direct result of the McCloud judgement.

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25 PENSION COMMITMENTS (continued)

Included within the effect of business combinations is £542,000 (2019 - £24,000) relating to the conversion of University Academy Long Sutton (2019 - Holbeach Bank Academy) in the prior year which was not included on the initial valuation of the pension deficit.

Movement in the fair value of the Trust's share of scheme assets:

	2020	2019
	£	£
Opening fair value of scheme assets	6,660,000	4,943,000
Interest income	129,000	146,000
Actuarial gains and (losses)	(255,000)	173,000
Employer contributions	672,000	482,000
Employee contributions	170,000	126,000
Benefits paid	(106,000)	(72,000)
Effect of business combinations	-	862,000
Closing fair value of scheme assets	<u>7,270,000</u>	<u>6,660,000</u>

26 OPERATING LEASE COMMITMENTS

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£	£
Amounts payable:		
Within 1 year	25,818	46,488
Between 1 and 5 years	<u>1,673</u>	<u>24,070</u>
Total	<u>27,491</u>	<u>70,558</u>

27 MEMBERS' LIABILITY

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
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28 RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

	2020	2019
	£	£
During the year the Trust made the following related party transactions:		
University of Lincoln - Expenditure	18,332	17,677
University of Lincoln - Income	132,583	173,410
AMB Educational Consultancy	£Nil	17,928

University of Lincoln - During the year the income received from the University relates to the apprentice contracts of £132,583 (2019 - £173,410). The Trust are sub-contractors to the main contract, Prof T Wilkinson, Prof A Hunter, Prof V Braybrooks, Prof I Abrahams and Prof D French were all employed by the University and were also Directors of the Trust within the current period. Ms C Hamblett was employed by the University but was not a Director of the Trust in the current period. The expenditure incurred during the year of £18,332 (2019 - £17,677) relates to time recharged from Central Services, management fees for the Apprentice Programme and the supply of accommodation and resources within the Minerva House building. At the balance sheet date the amount due to the trust was £13,020. In 2019 the balance at the year end was £16,475 which was owed to the Trust.

AMB Education Consultancy Ltd - A company owned by Andy Breckon (CEO of the Trust). During the year the Trust received consultancy services from AMB Education Consultancy Ltd totalling £Nil (2019 - £17,928). At the balance sheet date the amount due to AMB Educational Consultancy was £Nil. In 2019 that balance at the year end was £Nil owed to AMB Educational Consultancy.

In entering into the transactions above, the Trust has complied with the requirements of the Academies Financial Handbook 2019. The elements above £2,500 have been provided 'at no more than cost' and the University of Lincoln and AMB Educational Consultancy have provided statements of assurance confirming this.

29 CONTINGENT LIABILITIES

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

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

- (a) the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- (b) the extent to which the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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30 AGENCY ARRANGEMENTS

The academy trust distributes 16 -19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the trust received £44,201 (2019 - £45,193) and distributed £38,192 (2019 - £37,831) from the fund. The balance of £19,789 (2019 - £13,780) will be distributed to students in the coming year.

31 CONVERSION TO AN ACADEMY TRUST

On 1 July 2019 University Academy Long Sutton, converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Lincolnshire Educational Trust Limited from Lincolnshire County Council for Enil consideration.

The transfer was accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities incorporating income and expenditure account as Transfer on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities incorporating income and expenditure account for the prior year.

	Unrestricted funds	Restricted funds	Restricted fixed assets funds	Total funds
	£	£	£	£
Tangible fixed assets				
Freehold land and buildings	-	-	6,740,000	6,740,000
Other assets				
LGPS pension deficit	-	(680,000)	-	(680,000)
	-	(680,000)	6,740,000	6,060,000

No cash was transferred upon conversion.

There were no such conversions in the current financial year.

32 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events to note for the current financial period.

For the prior period, in October 2019 a funding agreement between The Lincolnshire Educational Trust Limited and Lincolnshire County Council was signed for the provision of funding amounting to £1,462,060 for the construction of a new multiple classroom block at the University Academy Holbeach site to increase the total capacity by 300 and increase the Published Admission Number (PAN) to 240.