

Company Registration Number: 07647805 (England and Wales)

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR

THE YEAR ENDED 31 AUGUST 2018

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

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditors' report on the financial statements	20 - 22
Independent reporting auditors' assurance report on regularity	23 - 24
Statement of financial activities incorporating income and expenditure account	25
Balance sheet	26
Statement of cash flows	27
Notes to the financial statements	28 - 51

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

**REFERENCE AND ADMINISTRATIVE DETAILS FOR THE
YEAR ENDED 31 AUGUST 2018**

Members

Prof M Stuart CBE (Chair)
Mr R Buttery
Prof T Wilkinson

Trustees

Prof T Wilkinson Chair
Prof V Braybrooks MBE (Chair Audit Committee)
Mrs J Worth
Ms J Parry
Mr A Robinson
Prof I Abrahams (Safeguarding Trustee)
Mr S Baragwanath
Mrs S Boor
Mrs L Stanton
Mr A Breckon, Ex Officio CEO/Accounting Officer
Mrs C Hamblett, Ex Officio, Chief Finance Officer

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, Principal UAH, Mrs S Boor, Executive Head HPA and HBA, Mrs L Stanton, Principal GHA, Mr A Breckon, CEO, and 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
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Introduction

The Lincolnshire Educational Trust (LET) Ltd was created as a Multi-Academy Trust in July 2014 so that the University Academy Holbeach and the newly converting Holbeach Primary Academy could be in the same Trust. The University of Lincoln remains the sponsor of LET, but a new governance structure was created in 2014. The new Trust technically replaced the old Trust from the 1 September 2014. In September 2016 Gosberton House Academy, a 3 to 11 age range, outstanding specialist school in autism converted to the LET. On the 1 June 2018 Holbeach Bank Academy joined the Trust as a sponsored academy. This is a very small primary school with approximately 65 pupils. It was formerly part of a Federation, but in July 2017 was assessed by Ofsted as inadequate and this resulted in the Regional Schools Commissioner (RSC) and local authority seeking a sponsor to take it over. LET was the chosen sponsor, with the school only being 2 miles from Holbeach Primary Academy. Holbeach Bank Academy will work in a federated structure with Holbeach Primary Academy providing the executive leadership and governance.

A revised members group and Trust Board were created in the academic year 2016 following a detailed skills audit. This brought a vastly experienced independent member and two new Trust Board members who provided HR and business expertise to the Board from Bakkavor and Sainsbury's. In addition, in this year we have added another independent member to our Audit Committee with management accounting expertise. Following discussions with the RSC and the ESFA in September 2018, the Trust will be restructuring its Members and Trustees during the 2018/9 academic year.

Structure, governance and management

a. CONSTITUTION

The 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 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.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

c. 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. Each academy's local governing committees meet at least five times a year, although ad-hoc committees are used to meet specific remits, at the agreement of the Chair and CEO.

d. 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). A new governance framework was established to comply with the DfE advice on MATs and new trustees appointed. 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 persons 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. Newly appointed governors are invited to join appropriate sub-committees, which report to the Academy governors committee. Each year governors are able to change the committees they sit on. The Scheme of Delegation sets out where the Trust set and approves policies and where Academy Governing Committees are responsible. Within the Academy, the governors are provided with access to all policies, procedures and scheme of delegation. Where governors have particular professional skill, 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 Board of Trustees and Academy Governing Committees to ensure we have the right balance of skills to carry out their duties. The last audit was in July 2018 and this will result in some minor changes to some local governing committees.

e. ORGANISATIONAL STRUCTURE

The organisational structure consists of five levels of members, trustees/directors, operations board, governors and senior leadership teams working under the direction of the Principals. The CEO and CFO have roles across the academies. LET places great emphasis on financial probity and has had an Audit Committee with independent membership since its formation. The Trust Board publishes in July an updated Governance Framework document with a detailed scheme of delegation for each academy and full list of key dates of all meetings for the academic year. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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, monitor the Academy performance both financially and educationally and ensure compliance through audit and monitoring reports.

The Operations Board established in 2016, allows the CEO to meet with Chairs of local governing committees, Principals and senior administration staff, to coordinate best value for money and to assist with working together. The principals and senior leadership teams are responsible for the day to day running of their academies and assisting in managing the organisation, overseeing the teaching staff and teams of administration/operational support. The structure and operation of the Trust follow the guidelines set out in the academies handbook issued by the Department for Education/ESFA.

The Trust also accesses a number of external agencies to enable a broader provision of education and learning. The external agencies include alternative education and vocational provision, careers and guidance services; as well as a range of training providers from Teaching Schools and other organisations.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Operational Governance Framework and Scheme of Delegation

The Lincolnshire Educational Trust Ltd annually reviews these two documents which 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 different academies, however throughout 2017/18 all academies had the same scheme of delegation. The Trust has set up, through the CEO, a close monitoring of Holbeach Bank Academy budget in its first year, as it ran a deficit budget prior to conversion.

Connected organisations, including related party relationships

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

f. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The CEO is employed as a consultant and fees remain the same as agreed in 2014. Following discussions with the ESFA, the CEO will cease his temporary appointment and become an employee of the Trust on 1st January 2019. The Chair of the Trust in discussion with the CEO, who carries out the appraisals of Principals, determines Principal's salary increases. These are then presented to the Trust Board for approval. The Principal and CEO determine the senior staff salaries in each academy.

g. TRADE UNION FACILITY TIME

During the period the Trust had 1 (FTE: 1) relevant union official. The percentage of their time spent on facility time was between 1 and 50%. The cost of the facility time for this employee was £1,426 of an annual pay bill of £10,000,321, which equates to less than 0.01%. There were no further paid trade union activities.

Objectives and Activities

a. OBJECTS AND AIMS

The object of the charity is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which offer a broad curriculum. The mission is a Trust that seeks to develop academies that are schools of first choice through their educational excellence, developing young people to enhance their life chances through academic, cultural and sporting achievements, personal development and becoming confident lifelong learners.

Values

- Every child and young person enabled to achieve their maximum potential, with learners and teaching being at the heart of all that we do;
- Parents and carers who support their children's learning;
- Our excellent staff who are trained and encouraged to bring out the true potentials in others;
- An aspirational, ambitious and innovative can do environment for all our learners and staff;
- Partnership working where genuine collaboration, care and collective responsibility for one another takes place and enhances learning for all;
- Intelligent accountability that is rigorous in its application and seeks to enable every child and young person to progress their learning;
- High levels of integrity from everyone and the development of our learners and staff to take personal responsibility for their actions;
- Making education enjoyable and creating a desire to want to learn more.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The LET approach to raising standards 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.
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.

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

Achievements and performance

The University Academy Holbeach (UAH) has now been an Academy for seven years and the merged failing school from Crowland has been fully integrated on the Holbeach site. It is a non-selective academy in a selective area where approximately 34% are selected for local single sex grammar schools.

Holbeach Primary Academy (HPA) has now been in the Multi Academy Trust for four years.

Gosberton House Academy (GHA) joined the Trust in September 2016 as a convertor.

Holbeach Bank Academy (HBA) joined the Trust on the 1 June 2018 as a sponsored academy following an Ofsted inspection in July 2017 when the school was assessed as inadequate. All assessments and tests were concluded before HBA joined LET.

UAH, HPA and GHA have continued to thrive with very good performance in academic, social, cultural and sporting activities. This has been achieved through outstanding leadership of the academies by Principals highly focused on pupils' learning, staff working extremely hard in a very dedicated manner, seeking to optimise the performance of every child and very effective local governing committees whose focus within the Trust is to monitor and challenge pupil progress, as well as ensuring academies run within their agreed budgets.

HPA is an average sized, ambitious primary school in an area of high social deprivation and pupils start with skills and abilities well below expected levels for their age, but they make very good progress as they move through the academy. This was endorsed by a very successful Ofsted inspection outcome in May 2017, when all areas were judged as good. The recent new academy website contains a range of information and celebration of pupil success. The academy is driven by a development plan working towards outstanding with whole staff commitment to this.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

In 2018 Phonics, KS1 and KS2 all performed in line or above local authority average and the national average. In 2018 EYFS achieved 64% due to a high percentage of pupils in SEND or vulnerable groups. Phonics was 81%. Key stage one reading was 76%, in line with National and above LA, writing was 69% above LA and in line with national and LA 65% and mathematics was 73%, in line with LA and just below national.

HPA has maintained good outcomes and a mainly upward trend since 2011 at key stage 2. The provisional results for key stage 2 in 2018 show attainment at secure or better exceeds national in all areas and is in line in GPS.

Reading is 76%, in line with national. Writing is 84%, which is above national. Mathematics is 80%, which is above national. Grammar, punctuation and spelling at 76% in line with national. The combined score of 68%, already good which is above national and LA is expected to rise to 73% with re-marks. This will then be only 4% different to our previous cohort who were higher attaining which is success for this cohort and the team, given that SEND is one third of the cohort and pupils eligible for pupil premium is 44%. Overall progress is good in all areas. The impact of intervention for SEND pupils has enabled most pupils to make their progress however two pupils joined in March 2018, one having been previously home schooled and the other a permanent exclusion, they were both working well below the expected standard and lowered the overall performance. For 2018-19 intervention and support has been further focused for SEND pupils, as this is a second successive year six cohort with high SEND and three EHCs.

The academy's success through regular pupil review ensures maximized outcomes achieved across groups and this linked to the key focus on governors on monitoring pupil progress and intervention strategies has demonstrated first class impact. This year group has been particularly tracked since they entered KS2 due to the makeup of needs and low entry results at EYFS.

HPA now has 296 on roll, an increase of sixty in four years, which continues to reflect the success of the academy with most year groups being full and some over PAN. The academy is popular from the point of view of selection of a school place but equally it is well thought of within the local and wider community. Recent participation in Lincolnshire Show again promoted our link with our County. The academy has taken its link with a school in special measures seriously with links being fostered to improve outcomes and strong professionals impacting on much needed change. This is equally good for further enhancing the professional skills of our team in different departments.

Holbeach Bank Academy (HBA) joined LET in June 2018 as a sponsored academy. It is a very small school that was judged as inadequate by Ofsted in July 2017. The school appears to have made very little progress from its inspection to joining the Trust. Most recently end of KS2 pupils who joined the year group late performed better than those who had been in the school across their whole KS2 education, which is very disappointing.

An early success for HBA is the appointment of two good and committed teachers. Performance management will determine the team going forward.

Hard work is underway to secure the trust of parents/carers, which is growing, and to build the academy reputation within the area. Both of these are extremely important for HBA to be successful beyond outcomes alone. The aim is for the academy to be the hub of the community removing previous perceptions and to make its pupils proud.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

2017-18 predictions from the previous leadership team were inaccurate in all areas across attainment and progress in both key stages evidenced through work scrutinies, teacher assessment and consolidated by external moderation. The academy is below floor in all areas in both key stages in both attainment and progress and therefore defined as below floor again for 2018 as it has been consistently over time. Immediate and decisive analysis and action took place reviewing strengths and those for development, which has resulted in LA moderation of key stages one and two in June 2018. In KS2-Reading attainment is 54%, national 75%, that is below national, Writing is 27%, national 78%, which is well below national. Mathematics is 45%, national 76%, again well below national. Grammar, punctuation and spelling was 63%, national 77%.

In KS1 reading is 50% expected, writing 10% expected, mathematics 40% expected. RWM combined is 10% compared with 65% national. These figures for reading, writing, maths and combined are all well below expected compared with National and LA 2018 figures. The progress of most pupils continues to currently be consistently low. Year six 2019 need scaffolding bridging gaps and small steps are evidencing progress from starting points to move to good progress. This is going to take at least three years to fully work through. The current year three are a slightly stronger cohort but are still at least 25% below national. In both Key stages progress is very low and reflects previously weak teaching, which Ofsted highlighted. The lack of drive in the months following the Ofsted visit until the Trust took over have been very much to the detriment of pupils.

Gosberton House Academy is a specialist, primary academy predominantly for youngsters with complex social communication needs. Places are purchased from Lincolnshire County Council. The Academy is constantly over-subscribed and currently has 95 pupils on roll - full to physical capacity. It is nationally recognised as having an Autism specialism and in June 2018 it was awarded National Autistic Society ADVANCED status. It is one of only a very small number of schools nationally with this status. The Academy ensures that pupils and their families have a continuum of support and access to cutting-edge practice from highly skilled specialists. In September 2017, the Academy secured an extension to its LCC contract to deliver Outreach support to all Lincolnshire Schools. The Academy also holds the Lincolnshire contract for the delivery of the DFE funded Autism Education Trust training. The Academy is a centre for Autism research and during the last academic year has worked collaboratively with the Universities of Lincoln, Durham and York as well as hosting open days and work placements for colleagues from across a range of educational, social and health settings.

GHA is assessed as outstanding by Ofsted and constantly seeks to work with a wide variety of partners as it strives to become a Centre of Excellence for SEND. In addition to its specialism in autism, the school holds the Investors in People Platinum Award, the Continuous Professional Development Excellence Award and the Leading Parent Partnership Award, Rights Respecting Award Gold, International Schools, Basic Skills, Healthy School, Arts, Eco Schools, AfPE and the School Games Award. The Academy aims to work with experts in a wide range of educational disciplines to ensure that it is able to offer the very highest levels of provision.

The Academy strives to offer the youngsters access to an enriched social and academic curricular. It is an official Scouting School and an accredited Forest and Learning Outside the Classroom school. It holds the RHS Five Star Award for the quality of its outdoor environment and for the opportunities planned for all children to engage in beyond the classroom learning.

It has a Growth Mindset ethos – carefully planning opportunities to support the children to apply emerging skills across an increasing range of environments; and a comprehensive family support system including the delivery of nationally accredited parental programmes.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The school celebrated its 65th Birthday this summer with past and present families, students and staff gathering to share their news and their happy memories.

The recent stakeholders survey conducted by the NAS showed that the school is highly regarded by families, students and other professionals. Accolades included 'I couldn't ask for a better setting' 'This is the best school I have ever known.' 'GHA has been a saviour.' 'There are no amount of words to say how thankful I am to the school.'

Cognitive attainment in the school varies considerably with some youngsters meeting national standards and others working below this level. National benchmarking data evidences that the majority of pupils make good and better than good progress from their entry point. Pupils enter and leave the Academy at various stages in their primary education. A small number of youngsters go on to achieve significant academic success, attaining advanced level qualifications.

UAH is a non-selective secondary Academy in a selective area, with selection currently at 34% of the cohort. This academy was last inspected in 2016 when it was rated as Good in all aspects, and its vocational and technical provision was highly praised. The full report is on the academy website.

The final published results for 2017 at GCSE were in the upper quartile for a secondary modern school. The new Progress 8 measure show a score of +0.26 for 2017, which places the academy as the tenth best performance of Lincolnshire secondary schools. One of the key features of UAH is its commitment to a broad balanced curriculum, thus it enters 80% of its pupils for the EBacc a key government measure. The Minister for Schools wrote to congratulate the academy on its EBacc in February 2017, one of only two schools in Lincolnshire to receive such a letter.

The provisional results for 2017 and 2018 are difficult to compare with previous years as the government introduced new grades 9 to 1 in English and mathematics (2017) and the remaining subjects (2018), except for Design and Technology. They also changed the weighting given to different grades in all subjects, which helps schools with high ability pupils and effectively penalises those with secondary modern intakes. The year 11 pupils in 2017-18 were the second weakest year group since becoming an academy; they were 1.7 points below the national average on entry. Within this context the results at this provisional stage are satisfactory. The Principal of UAH has taken immediate action to address the issues which impacted on the 2018 outcome. Progress 8 is expected to be in the region of - 0.14 in 2018 and the percentage of 5A*/9 to C/4 including English and mathematics is 42% compared to 52% in 2017. English and Science remain very strong and pupils coped well with the new exams. Modern languages continue to be a concern in terms of recruitment of quality staff, which is lowering pupil progress in this area. The last academic year saw significant staffing challenges with 7 staff on maternity leave and major recruitment issues in a number of subjects. There is a very serious problem in terms of recruitment in this area of the country.

The performance of our Post-16 students remains strong, with our average A level grade rising to C+ (from C- in two years) and our average BTEC grade remaining as Distinction. This is an excellent achievement considering the move to terminal exams in BTEC. Success rates in our apprenticeship provision have risen to exceed the national average and the recent external assessment give clear evidence of a high quality programme. This year 30 students took up places at University and 16 young people have completed level 3 Apprenticeships.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The success at UAH can easily be measured by the Academy having 275 first choices in 2017, which is 95 above its PAN for year 7. To meet parental choice the academy took 46 pupils over PAN. The demand for places is becoming a serious challenge. The sixth form numbers and the apprenticeship programme have increased significantly. The Academy also had major achievements in sport, the arts and music and a range of cultural activities to support the local community.

The increase in LAC (Looked after Children – now 23 and growing) is placing exceptional demands upon the academy and its resources and it is affecting progress measures significantly. The school made no permanent exclusions in the last academic year.

a. Major strategic challenges.

In September 2017 Lincolnshire County Council asked LET if they were prepared to sponsor Holbeach Bank Primary School which was part of the Meriden Federation and Peele Community College. Ofsted had assessed both schools as inadequate in July 2017. In October the Regional School Commission (RSC) formally invited LET to sponsor the school. Initial due diligence was carried out and submitted to the RSC by 23rd November and in December the RSC's Board agreed that LET could proceed. Holbeach Bank Academy transferred to the Trust on the 1 June 2018. On-going discussions are still taking place with Peele Community College because of the poor condition of the buildings and a Community Sports Centre built on schools land. The Principal of UAH has been supporting the Head at Peele during this period.

Lincolnshire County Council working with the Heads of Special Schools has been working on a new 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 Gosberton House Academy will become an all needs special school rather than its current specialism in Autism. LET support this strategy and in May submitted its business case to the RSC for the changes. It was approved and now LET is working with Lincolnshire County Council to develop new facilities to enable GHA meet the needs of all pupils.

b. KEY PERFORMANCE INDICATORS

The three established academies that are members of the Lincolnshire Educational Trust Ltd have been able to fulfill the delivery of the curriculum throughout the academic year, clearly Holbeach Bank Academy has much work to do to transform it from inadequate to good, but with new staff and a clear improvement programme progress should be possible over the next two years. Staffing in most of our academies has not been easy and this has brought about additional expenditure in terms of recruitment. The pupils experience has been very good and the outcomes set out above, demonstrates that our staff provided extremely good value for money. Gosberton House Academy is responsible for the Autism outreach contract for Lincolnshire County Council. It was assessed by the client as meeting all the performance indicators.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

c. 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.

Financial review

In all of our expenditure the CEO, CFO, Principals and their staff including the Finance Managers have sought to seek best value for money and question choices and options made. The Trust uses tendered outsourced service for most of its functions with all contract renewals reviewed to seek the best value. Most contracts run across the whole Trust.

The majority of the Trust's income derives from central government funding via ESFA (Education and Skills Funding Agency). It also received pupil premium and local authority funding to support special education needs, designated special provision and capital fund towards fixtures, fittings and equipment. In addition the UAH raises funds 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. LET received a single payment of £70,000 from the RSC/DfE for the sponsorship of Holbeach Bank Academy.

During the year ended 31 August 2018 the total operating expenditure of £13.1m was covered by grant funding and other incoming resources. Each academy managed 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 LET has determined that all established academies must set at least a balanced budget. Clearly, with HBA where we have inherited additional unexpected expenditure we may have to run the academy in deficit for the next 12 months. The in year deficit (excluding depreciation, pension liabilities and assets transferred on conversion) was £0.4m, with the total restricted and unrestricted revenue reserves standing at £1.7m. Central charges were 0.34% of total expenditure.

At 31 August 2018 the net current assets were £1.7m and the net book value of tangible fixed assets was £8.0m. The assets were used exclusively for providing education and the associated support services to the learners of the Academy.

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

a. RESERVES POLICY

The Trust holds total funds of £6.4m. Of this sum £1.3m are restricted revenue funds, £8.0m relates to the value of fixed assets and as such, would be available only by the disposal of tangible fixed assets, and (£3.2m) relates to the value of the LGPS deficit. Unrestricted revenue funds total £0.3m.

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.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

a. RESERVES POLICY (contd)

As at 31 August 2018, £6,418 was held by the Trust in relation to bursary funding received for students.

b. MATERIAL INVESTMENTS 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.

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. Complying with legislative requirements regarding employment law, GDPR, discrimination, Companies House and HMRC, safeguarding and child protection, Prevent, gender pay gap reporting, the Charity Commission and the regulations related to the curriculum
3. Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and or financial commitments made without adequate authorisation
4. Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information
5. Inadequate buildings or environmental systems that can lead to school closure
6. Failure to recruit sufficient pupils to make any academy viable
7. Losing high quality experienced staff and failure to recruit new staff with requisite skills and experience
8. Having adverse publicity from an Ofsted Inspection or other major incident
9. Failure of the academy IT systems
10. Expanding the Trust without the skill or manpower to accommodate such growth.

HBA has the risks above, plus the risks of failure to improve educational standards and the quality of teaching and learning, and the failure to make the academy fully compliant with health and safety issues and the creation of a viable financial model for running the academy.

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
8. A close monitoring system for all aspects of the work at HBA by the Executive Principal and CEO.

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 2018 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Risk management

The Trustees, Principal 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 Trust, and its finances. The Principals have implemented a number of systems to assess risks that each Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff, supervision of school buildings and grounds) and an effective system of internal financial control in order to minimise risk. Each year each academy, and the Trust produces an updated risk register that is studied and reviewed by the Audit committee.

Risks to the Trust fall into the following three 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. 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.

Employment of disabled persons

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 and through training and career development.

Plans for future periods

Each Academy will maintain its PAN (Published Admission Number), although the local authority is in discussion with UAH regarding increasing its PAN from 180 to 240.

Ambitious targets have been 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.

The emphasis on reading will be maintained as whole Academy activities. There are plans to further enhance arts, cultural, music and sporting activities, including the use of sports premium funding in our primary academies. UAH will also keep under review the new GCSE courses.

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

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The four 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 judgements and to ensure best practice is achieved.

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 auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are 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 13/12/2018 and signed on its behalf by:



Professor T Wilkinson

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.

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. He is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Prof T Wilkinson	4	4
Mr S Baragwanath	4	4
Prof V Braybrooks	3	4
Ms J Parry*	4	4
Mr A Robinson	3	4
Mrs J Worth	4	4
Mrs C Hamblett (CFO)	4	4
Prof I Abrahams	4	4
Mrs S Boor	4	4
Mrs L Stanton	2	4
Mr A Breckon (CEO)	4	4

**Attended via telecom for some meetings*

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 LINCOLNSHIRE EDUCATIONAL TRUST LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Audit 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 Committee and their attendance at meetings in the year was as follows:

Audit Members

	Meetings attended	Out of a possible
Prof V Braybrooks (Chair and Trustee)	3	3
Mrs J Worth (Trustee)	2	3
Mr D Braham (Independent member)	3	3
Ms D Hall (Independent member)	2	3

The CEO and CFO were in attendance at all Audit Committee meetings.

REVIEW OF VALUE FOR MONEY

The Lincolnshire Educational Trust Ltd is fully committed to seeking best value for money; from investing in the future in new infrastructure and educational experiences to ensuring every child and young person can fulfill 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 2017/18 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 four academies work very closely together and expertise is shared and in 2017/18 the University of Lincoln is providing support in the arts and with teacher recruitment and initial teacher training. At GHA there has been significant research carried out at post graduate level, a feature we hope to expand.

The LET takes a top slice of 0.34% 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 2017/18 the CEO costs increased because of the work related to the two sponsored academies. Part of that cost has been offset from the grant for sponsorship of Holbeach Bank Academy and if the Peele Community College joins in 2018/19 then further costs will be offset from sponsorship grants. The costs of CEO and CFO was 0.4% of turnover. LET is very keen to ensure a very efficient and effective infrastructure supports its academies but maximum resources are spent on teaching and learning. The LET will continue to seek best value whenever it can to ensure maximum resources are available to support the learning of pupils in our academies.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 and subjected to regular testing, including in-depth analysis of the risk register by the Audit Committee.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 asked the Audit committee to look in detail at the risk assessment in all academies and how risk was being mitigated. The Audit committee felt this was well managed and it was then sent to the Board where it was approved at the April meeting. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2017 to 31 August 2018 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 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;
- delegation of authority and segregation of duties;
- identification and management of risks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. 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. The internal auditor carried out their schedule of work as planned and no material control issues arose.

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

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the board of trustees on 13/12/2018 and signed on their behalf, by:



Mr A Breckon

Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Lincolnshire Educational Trust Limited I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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 Breckon
Accounting Officer

13/12/2018

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR
THE YEAR ENDED 31 AUGUST 2018**

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 issued 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:

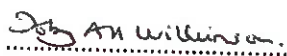
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 order of the members of the board of trustees on 13/12/2018 and signed on its behalf by:


.....
Professor T Wilkinson
Chair of Trustees

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

**INDEPENDENT AUDITORS' 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 2018 which comprise the Statement of financial activities incorporating 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 2015 and the Academies Accounts Direction 2017 to 2018 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 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (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 ISAs (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
(A company limited by guarantee)

**INDEPENDENT AUDITORS' 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

(A company limited by guarantee)

**INDEPENDENT AUDITORS' 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 the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

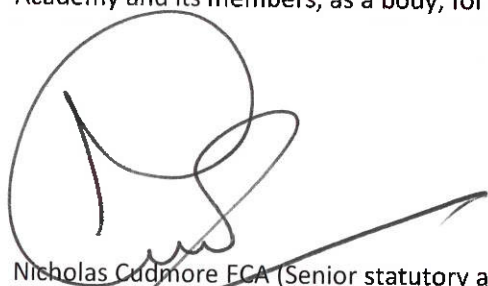
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 ISAs (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 the 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.



Nicholas Cudmore FCA (Senior statutory auditor)
for and on behalf of

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date: 13th December 2018

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

**INDEPENDENT REPORTING AUDITORS' 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 dated 11 May 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 AUDITORS' 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Cudmore FCA (Senior statutory auditor)
Duncan & Toplis Limited
Chartered Accountants and Statutory Auditors
15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 13th December 2018

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 2018**

		Unrestricted	Restricted	Restricted	Total	Total
	Note	funds	funds	fixed asset	funds	funds
		2018	2018	2018	2018	2017
		£	£	£	£	£
INCOME FROM:						
Donations and capital grants	2	-	-	45,345	45,345	40,052
Charitable activities	3	-	11,409,160	-	11,409,160	10,987,554
Other trading activities	4	343,612	527,343	-	870,955	978,915
Investments	5	5,777	-	-	5,777	6,093
Transfer on conversion		-	(43,000)	1,209,000	1,166,000	1,912,584
TOTAL INCOME		<u>349,389</u>	<u>11,893,503</u>	<u>1,254,345</u>	<u>13,497,237</u>	<u>13,925,198</u>
EXPENDITURE ON:						
Charitable activities		254,161	12,422,509	384,175	13,060,845	12,722,667
TOTAL EXPENDITURE	6	<u>254,161</u>	<u>12,422,509</u>	<u>384,175</u>	<u>13,060,845</u>	<u>12,722,667</u>
NET INCOME/(EXPENDITURE)						
BEFORE TRANSFERS		95,228	(529,006)	870,170	436,392	1,202,531
Transfers between funds	20	-	(202,046)	202,046	-	-
NET INCOME/EXPENDITURE						
BEFORE OTHER RECOGNISED		95,228	(731,052)	1,072,216	436,392	1,202,531
GAINS AND LOSSES						
Actuarial gain/(loss) on defined benefit pension schemes	24	-	832,000	-	832,000	1,417,000
NET MOVEMENT IN FUNDS		<u>95,228</u>	<u>100,948</u>	<u>1,072,216</u>	<u>1,268,392</u>	<u>2,619,531</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		239,169	(1,968,576)	6,919,198	5,189,791	2,570,260
TOTAL FUNDS CARRIED FORWARD		<u>334,397</u>	<u>(1,867,628)</u>	<u>7,991,414</u>	<u>6,458,183</u>	<u>5,189,791</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

REGISTERED NUMBER: 07647805

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	15	7,991,414	6,919,198
CURRENT ASSETS			
Stock	16	48,956	32,131
Debtors	17	609,598	458,098
Cash at bank and in hand		1,753,226	1,659,020
		<u>2,411,780</u>	<u>2,149,249</u>
CREDITORS: amounts falling due within one year	18	<u>(760,011)</u>	<u>(339,803)</u>
NET CURRENT ASSETS		1,651,769	1,809,446
TOTAL ASSETS LESS CURRENT LIABILITIES		9,643,183	8,728,644
CREDITORS: amounts falling due after more than one year	19	-	(34,853)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES		9,643,183	8,693,791
Defined benefit pension scheme liability	20	(3,185,000)	(3,504,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES		<u>6,458,183</u>	<u>5,189,791</u>
FUNDS OF THE TRUST			
Restricted income funds			
Restricted income funds	20	1,317,372	1,535,424
Restricted fixed asset funds	20	7,991,414	6,919,198
Restricted funds excluding pension scheme liability		9,308,786	8,454,622
Pension reserve		<u>(3,185,000)</u>	<u>(3,504,000)</u>
Total restricted funds		6,123,786	4,950,622
Unrestricted income funds	20	334,397	239,169
TOTAL		<u>6,458,183</u>	<u>5,189,791</u>

The financial statements on pages 25 to 51 were approved by the Trustees, and authorised for issue, on 31/12/2018 and are signed on their behalf, by:

Prof T Wilkinson

Prof T Wilkinson
Chair of Trustees

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

STATEMENT OF CASH FLOW
AS AT 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	22	1,456,474	1,861,508
Cash flows from investing activities:			
Dividends, interest and rents from investments		5,777	6,093
Purchase of tangible fixed assets		(247,391)	(149,851)
Restricted FA fund transfer on conversion		(1,209,000)	(2,870,000)
Capital grants from DfE/ESFA		45,345	40,052
Pension scheme deficit transfer on conversion		43,000	1,071,000
Net cash used in investing activities		<u>(1,362,269)</u>	<u>(1,902,706)</u>
Change in cash and cash equivalents in the Year		94,205	(41,198)
Cash and cash equivalents brought forward		1,659,020	1,700,218
Cash and cash equivalents carried forward	23	<u>1,753,225</u>	<u>1,659,020</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 (FRS102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 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 2018**

1 ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the 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 receipt is probable and it is measurable.

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

Where assets are received by the 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 Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

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.

All expenditure is inclusive of irrecoverable VAT.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

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:

Leasehold land and buildings	-	10% straight line
Plant and equipment	-	33% or 20% straight line

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.

1.6 Stocks

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

1.9 Liabilities and provisions

Liabilities and provisions 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 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. 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.

1.10 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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. 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 costs. 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 instruments.

1.11 Taxation

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

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 LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

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.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1 ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 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 24, 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 2018. 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 June 2018, Holbeach Bank Academy converted to academy status and all of the operations and assets and liabilities were transferred to The Lincolnshire Educational Trust Limited. The figures for 2016/2017 are representative of University Academy Holbeach, Holbeach Primary Academy and Gosberton House Academy only. The 2017/2018 figures represent the 3 schools in the Trust, up to 31 May 2018 and then all 4 schools from 1 June 2018.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital grants	-	45,345	45,345	40,052

3 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	9,413,694	9,413,694	9,237,159
Start Up Grant	-	70,000	70,000	-
Other DfE/ESFA Revenue Grants	-	101,951	101,951	99,451
Pupil Premium	-	442,977	442,977	414,166
	-	10,028,622	10,028,622	9,750,776
<i>Total 2017</i>	-	9,750,776	9,750,776	
Other Government grants				
Local authority grants	-	1,380,538	1,380,538	1,236,778
<i>Total 2017</i>	-	1,236,778	1,236,778	

4 OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Outreach services	18,099	-	18,099	10,848
Catering income	312,833	35,349	348,182	355,374
Sales to pupils	-	4,977	4,977	4,050
Hire of facilities	12,680	-	12,680	9,975
Other income	-	263,320	263,320	324,461
Apprenticeship income	-	215,329	215,329	269,716
Music tuition	-	8,368	8,368	4,491
	343,612	527,343	870,955	978,915
<i>Total 2017</i>	324,921	653,994	978,915	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5 INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income - other local investments	5,777	5,777	6,093
<i>Total 2017</i>	<u>6,093</u>	<u>6,093</u>	

6 EXPENDITURE

	Total 2018 £	Total 2017 £
Funding for the academy trust's educational operations	<u>13,060,845</u>	<u>12,722,667</u>

7 ANALYSIS OF EXPENDITURE BY ACTIVITIES

Analysis of direct costs

	Total 2018 £	Total 2017 £
Pension interest	92,000	93,000
Educational supplies	484,242	484,143
Outreach costs	320,100	291,909
Technology costs	127,174	118,109
Examination fees	211,024	205,271
Staff development	66,099	88,229
Other costs	112,180	156,757
Wages and salaries	6,552,015	6,373,264
National insurance	653,070	610,245
Pension costs	1,197,801	1,085,107
Depreciation	182,664	175,372
	<u>9,998,369</u>	<u>9,681,406</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7 ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Total 2018	Total 2017
	£	£
Wages and salaries	1,597,435	1,539,005
Depreciation	201,511	315,329
Recruitment and support	60,473	67,318
Maintenance of premises and equipment	192,055	148,751
Cleaning	17,794	17,434
Rent and rates	110,493	103,797
Energy costs	134,524	125,480
Insurance	104,733	112,118
Transport	40,925	32,589
Telephone, postage and stationery	92,427	80,132
Catering	289,510	288,550
Other costs	87,760	87,263
Bank interest and charges	2,547	1,630
Auditor's remuneration	9,000	4,000
Legal and professional fees	121,289	117,865
	<u>3,062,476</u>	<u>3,041,261</u>

During the year ended 31st August 2018, the Trust incurred the following governance costs:

£130,289 (2017 - £121,865) included within the table above in respect of funding for the Trust's educational operations.

8 EXPENDITURE

	Staff costs 2018	Premises 2018	Other costs 2018	Total 2018	Total 2017
	£	£	£	£	£
Funding for the Trust:					
Direct costs	8,402,886	182,664	1,412,819	9,998,369	9,681,406
Support costs	1,597,435	559,599	905,442	3,062,476	3,041,261
	<u>10,000,321</u>	<u>742,263</u>	<u>2,318,261</u>	<u>13,060,845</u>	<u>12,722,667</u>
Total 2017	<u>9,607,621</u>	<u>682,952</u>	<u>2,432,094</u>	<u>12,722,667</u>	

9 NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	384,175	486,701
Governance internal audit costs	950	950
Operating lease rentals	<u>9,521</u>	<u>4,088</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10 AUDITORS' REMUNERATION

The auditors' remuneration amounts to an audit fee of £9,000 for the current year.

11 STAFF COSTS

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	7,635,709	7,440,853
Social Security costs	733,488	684,306
Operating costs of defined benefit pension scheme	1,631,124	1,482,462
	<u>10,000,321</u>	<u>9,607,621</u>

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

	2018	2017
	No.	No.
Management	14	14
Teachers	135	129
Support	143	154
	<u>292</u>	<u>297</u>

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	1	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 £1,273,705 (2017: £1,266,803).

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12 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:

	2018	2017
	£	£
University Academy Holbeach	31,409	33,888
Holbeach Primary Academy	4,187	4,629
Holbeach Bank Academy	393	-
Gosberton House Academy	7,538	8,296
Total	<u>43,527</u>	<u>46,813</u>

13 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:

		2018	2017
		£	£
Mr S Baragwanath	Remuneration	105,000-110,000	100,000-105,000
(Principal of UAH and Trustee)	Pension contributions paid	15,000-20,000	15,000-20,000
Mrs S Boor	Remuneration	70,000-75,000	65,000-70,000
(Principal of HPA and Trustee)	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs L Stanton	Remuneration	85,000-90,000	85,000-90,000
(Principal of GHA and Trustee)	Pension contributions paid	10,000-15,000	10,000-15,000

During the year expenses totalling £500 (2017 - £1,149) were reimbursed to 1 Trustee (2017 - 2)

14 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15 TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and equipment £	Total £
Cost			
At 1 September 2016	6,957,889	2,101,615	9,059,504
Assets transferred on conversion	1,209,000	-	1,209,000
Additions	43,664	203,727	247,391
At 31 August 2018	<u>8,210,553</u>	<u>2,305,342</u>	<u>10,515,895</u>
Depreciation			
At 1 September 2016	371,694	1,768,611	2,140,305
Charge for the year	182,664	201,511	384,175
At 31 August 2018	<u>554,358</u>	<u>1,970,122</u>	<u>2,524,480</u>
Net book value			
At 31 August 2018	<u>7,656,195</u>	<u>335,220</u>	<u>7,991,415</u>
At 31 August 2017	<u>6,586,195</u>	<u>333,004</u>	<u>6,919,199</u>

Additions to leasehold property includes the purchase of a portable building at a cost of £32,522.
Other leasehold property additions relate to building work carried out on existing buildings.

16 STOCKS

	2018 £	2017 £
Consumables	<u>48,956</u>	<u>32,131</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17 DEBTORS

	2018	2017
	£	£
Trade debtors	33,134	21,816
VAT repayable	89,124	70,951
Other debtors	288,676	190,376
Prepayments and accrued income	<u>198,664</u>	<u>174,955</u>
	<u>609,598</u>	<u>458,098</u>

18 CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	223,580	84,212
Other creditors	15,241	5,766
Loan	34,853	33,674
Accruals and deferred income	<u>486,338</u>	<u>216,151</u>
	<u>760,012</u>	<u>339,803</u>

	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	64,256	64,691
Resources deferred during the year	294,905	60,983
Amounts released from previous years	<u>(63,276)</u>	<u>(61,418)</u>
	<u>295,885</u>	<u>64,256</u>

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

19 CREDITORS: Amounts falling due after more than one year

	2018	2017
	£	£
Other loans	<u>-</u>	<u>34,853</u>

Included within the above are amounts falling due as follows:

	2018	2017
	£	£
Between one and two years		
Other loans	<u>-</u>	<u>34,853</u>
Between two and five years		
Other loans	<u>-</u>	<u>-</u>

The Trust took control over the Public Works Board Loan which funded the extension to the 6th form block when it was part of the George Farmer Technology and Language College. The length of repayment has been set at 10 years and the interest rate at 3.47%. The loan is due to be repaid by August 2019.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20 STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	83,129	-	-	-	-	83,129
Hire of premises	21,680	12,680	-	-	-	34,360
Investment income	18,302	5,777	-	-	-	24,079
Catering income	105,210	312,833	(254,161)	-	-	163,882
Outreach	10,848	18,099	-	-	-	28,947
	<u>239,169</u>	<u>349,389</u>	<u>(254,161)</u>	<u>-</u>	<u>-</u>	<u>334,397</u>

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted funds						
GAG	1,328,874	9,411,537	(9,349,468)	(202,046)	-	1,188,897
Start Up Grant	-	102,642	(102,642)	-	-	-
Other ESFA grants	-	18,275	(18,275)	-	-	-
Rates funding	-	83,676	(83,676)	-	-	-
LCC - Other government grants	-	694,926	(679,451)	-	-	15,475
Total other income	-	166,101	(165,581)	-	-	520
School fund	92,966	97,219	(77,705)	-	-	112,480
Bursary	-	2,157	(2,157)	-	-	-
Outreach	-	617,500	(617,500)	-	-	-
Pupil Premium	-	442,977	(442,977)	-	-	-
Sports Premium	-	35,470	(35,470)	-	-	-
Catering	-	35,349	(35,349)	-	-	-
Sales to pupils	-	4,977	(4,977)	-	-	-
Apprenticeship	-	215,329	(215,329)	-	-	-
Music	-	8,368	(8,368)	-	-	-
Transfer on conversion	113,584	-	(113,584)	-	-	-
Pension reserve	(3,504,000)	(43,000)	(470,000)	-	832,000	(3,185,000)
	<u>(1,968,576)</u>	<u>11,893,503</u>	<u>(12,422,509)</u>	<u>(202,046)</u>	<u>832,000</u>	<u>(1,867,628)</u>

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Restricted fixed asset funds - all funds	6,919,198	1,254,345	(384,175)	202,046	-	7,991,414
Total restricted funds	<u>4,950,622</u>	<u>13,147,848</u>	<u>(12,806,684)</u>	<u>-</u>	<u>832,000</u>	<u>6,123,786</u>
Total funds	<u>5,189,791</u>	<u>13,497,237</u>	<u>(13,060,845)</u>	<u>-</u>	<u>832,000</u>	<u>6,458,183</u>

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.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20 STATEMENT OF FUNDS

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	83,129	-	-	-	-	83,129
Hire of premises	11,705	9,975	-	-	-	21,680
Investment income	12,209	6,093	-	-	-	18,302
Catering income	38,386	304,098	(237,274)	-	-	105,210
Outreach	-	10,848	-	-	-	10,848
	145,429	331,014	(237,274)	-	-	239,169
Restricted funds						
GAG	1,343,026	9,192,599	(9,096,952)	(109,799)	-	1,328,874
Start Up Grant	6,153	-	(6,153)	-	-	-
Other ESFA grants	-	18,678	(18,678)	-	-	-
Rates funding	-	80,773	(80,773)	-	-	-
LCC - Other government grants	-	601,748	(601,748)	-	-	-
Total other income	78,740	203,330	(282,070)	-	-	-
School fund	93,864	121,131	(122,029)	-	-	92,966
Bursary	-	44,560	(44,560)	-	-	-
Outreach	-	617,500	(617,500)	-	-	-
Pupil Premium	-	414,166	(414,166)	-	-	-
Sports Premium	-	17,530	(17,530)	-	-	-
Catering	-	51,276	(51,276)	-	-	-
Sales to pupils	-	4,050	(4,050)	-	-	-
Apprenticeship	-	269,716	(269,716)	-	-	-
Music	-	4,491	(4,491)	-	-	-
Transfer on conversion	-	113,584	-	-	-	113,584
Pension reserve	(3,487,000)	(1,071,000)	(363,000)	-	1,417,000	(3,504,000)
	(1,965,217)	10,684,132	(11,994,692)	(109,799)	1,417,000	(1,968,576)
Restricted fixed asset funds						
Restricted fixed asset funds - all funds	4,390,048	2,910,052	(490,701)	109,799	-	6,919,198
Total restricted funds	2,424,831	13,594,184	(12,485,393)	-	1,417,000	4,950,622
Total funds	2,570,260	13,925,198	(12,722,667)	-	1,417,000	5,189,791

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20 STATEMENT OF FUNDS

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	83,129	-	-	-	-	83,129
Hire of premises	11,705	22,655	-	-	-	34,360
Investment income	12,209	11,870	-	-	-	24,079
Catering income	38,386	616,931	(491,435)	-	-	163,882
Outreach	-	28,947	-	-	-	28,947
	145,429	680,403	(491,435)	-	-	334,397
Restricted funds						
GAG	1,343,026	18,604,136	(18,446,420)	(311,845)	-	1,188,897
Start Up Grant	6,153	102,642	(108,795)	-	-	-
Other ESFA grants	-	36,953	(36,953)	-	-	-
Rates funding	-	164,449	(164,449)	-	-	-
LCC - Other government grants	-	1,296,674	(1,281,199)	-	-	15,475
Total other income	78,740	369,431	(447,651)	-	-	520
School fund	93,864	218,350	(199,734)	-	-	112,480
Bursary	-	46,717	(46,717)	-	-	-
Outreach	-	1,235,000	(1,235,000)	-	-	-
Pupil Premium	-	857,143	(857,143)	-	-	-
Sports Premium	-	53,000	(53,000)	-	-	-
Catering	-	86,625	(86,625)	-	-	-
Sales to pupils	-	9,027	(9,027)	-	-	-
Apprenticeship	-	485,045	(485,045)	-	-	-
Music	-	12,859	(12,859)	-	-	-
Transfer on conversion	-	113,584	(113,584)	-	-	-
Pension reserve	(3,487,000)	(1,114,000)	(833,000)	-	-	(3,185,000)
	(1,965,217)	22,577,635	(24,417,201)	(311,845)	2,249,000	(1,867,628)
Restricted fixed asset funds						
Restricted fixed asset funds - all funds	4,390,048	4,164,397	(874,876)	311,845	-	7,991,414
Total restricted funds	2,424,831	26,742,032	(25,292,077)	-	2,249,000	6,123,786
Total funds	2,570,260	27,422,435	(25,783,512)	-	2,249,000	6,458,183

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20 STATEMENT OF FUNDS (continued)

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 £792,000. 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 £832,000 actuarial decrease 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 2018 were allocated as follows:

	Total 2018	Total 2017
	£	£
University Academy Holbeach	1,160,732	1,430,019
Holbeach Primary Academy	152,920	129,876
Gosberton House Academy	292,449	214,698
Holbeach Bank Academy	45,668	-
Total before fixed asset fund and pension reserve	1,651,769	1,774,593
Restricted fixed asset fund	7,991,414	6,919,198
Pension reserve	(3,185,000)	(3,504,000)
Total	6,458,183	5,189,791

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs exc. depr'n	Total 2018	Total 2017
	£	£	£	£	£	£
University Academy Holbeach	6,172,435	1,198,096	766,312	931,063	9,067,906	8,937,598
Holbeach Primary Academy	964,721	156,471	78,043	230,005	1,429,240	1,209,499
Gosberton House Academy	1,357,730	242,868	410,365	168,561	2,179,524	2,084,869
	8,494,886	1,597,435	1,254,720	1,329,629	12,676,670	12,231,966

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			7,991,414	7,991,414
Current assets	334,397	2,077,383		2,411,780
Creditors due within one year		(760,011)		(760,011)
Creditors due in more than one year		-		-
Provisions for liabilities and charges		(3,185,000)		(3,185,000)
	<u>334,397</u>	<u>(1,867,628)</u>	<u>7,991,414</u>	<u>6,458,183</u>

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			6,919,198	6,919,198
Current assets	239,169	1,910,080		2,149,249
Creditors due within one year		(339,803)		(339,803)
Creditors due in more than one year		(34,853)		(34,853)
Provisions for liabilities and charges		(3,504,000)		(3,504,000)
	<u>239,169</u>	<u>(1,968,576)</u>	<u>6,919,198</u>	<u>5,189,791</u>

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	436,392	1,202,531
Adjustment for:		
Depreciation charges	384,175	490,701
Capital funding	(45,345)	(40,052)
Interest receivable	(5,777)	(6,093)
(Increase)/Decrease in stocks	(16,825)	(3,396)
(Increase)/Decrease in debtors	(151,500)	(51,540)
Increase/(Decrease) in creditors	385,354	(93,643)
Defined benefit pension scheme finance cost	470,000	363,000
Net cash provided by operating activities	<u>1,456,474</u>	<u>1,861,508</u>

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank	<u>1,753,226</u>	<u>1,659,020</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24 PENSION COMMITMENTS

The 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 2012 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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £823,336 (2017 - £786,945).

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24 PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £524,000 (2017 - £535,000), of which employer's contributions totalled £414,000 (2017 - £429,000) and employees' contributions totalled £110,000 (2017 - £106,000). The agreed employer contribution rates for future years are 19.1% for UAH, 20.5% for GHA, 17.2% for HPA and 19.8% for HBA. The contribution rates for employees range from 5.5% to 12.5%.

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 2018/19 £73,000 and 2019/20 £74,200.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.8%	2.5%
Rate of increase in salaries	2.8%	2.8%
Rate of increase in pensions in payment/inflation	2.4%	2.4%

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.6	26.6

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24 PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£	£
Equities	3,564,590	3,198,780
Debt instruments	732,450	492,120
Property	537,130	369,090
Cash	48,830	41,010
Total market value of assets	<u>4,883,000</u>	<u>4,101,000</u>

The actual return on scheme assets was £108,000 (2017 - £74,000)

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

	2018	2017
	£	£
Current service cost	(792,000)	(699,000)
Interest income	108,000	74,000
Interest cost	(200,000)	(167,000)
	<u>(884,000)</u>	<u>(792,000)</u>

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

	2018	2017
	£	£
Opening defined benefit obligation	7,605,000	6,720,000
Current service cost	792,000	699,000
Interest cost	200,000	167,000
Employee contributions	110,000	106,000
Actuarial losses	(599,000)	(1,299,000)
Benefits paid	(83,000)	(77,000)
Effect of business combinations	103,000	1,289,000
Closing defined benefit obligation	<u>8,128,000</u>	<u>7,605,000</u>

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24 PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Opening fair value of scheme assets	4,101,000	3,233,000
Interest income	108,000	74,000
Actuarial gains and (losses)	233,000	118,000
Employer contributions	414,000	429,000
Employee contributions	110,000	106,000
Benefits paid	(83,000)	(77,000)
Effect of business combinations	60,000	218,000
Closing fair value of scheme assets	<u>4,943,000</u>	<u>4,101,000</u>

25 OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
Amounts payable:		
Within 1 year	9,892	9,892
Between 1 and 5 years	20,471	29,992
Total	<u>30,363</u>	<u>39,884</u>

26 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
FOR THE YEAR ENDED 31 AUGUST 2018**

27 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

	2018	2017
	£	£
During the year the Trust made the following related party transactions:		
University of Lincoln - Expenditure	43,737	50,474
University of Lincoln - Income	208,733	269,716
AMB Educational Consultancy	<u>44,500</u>	<u>36,808</u>

University of Lincoln - During the year the income received from the University relates to the apprentice contracts £208,733 (2017 - £269,716). The Trust are sub-contractors to the main contract, Prof T Wilkinson, Prof V Braybrooks, Prof I Abrahams, Ms C Hamblett are all employed by the University and are also Directors of the Trust. The expenditure incurred during the year £43,737 (2017 - £50,474) 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 £33,440. In 2017 the balance at the year end was £19,542 which was owed to the Trust.

AMB Educational Consultancy - A company owned by Andy Breckon (CEO of the Trust). During the year the Trust received consultancy services from AMB Educational Consultancy totalling £44,500 (2017 - £36,808). At the balance sheet date the amount due to AMB Educational Consultancy was £14,100. In 2017 that balance at the year end was £12,093 owed to AMB Educational Consultancy.

In entering into the transactions above, the Trust has complied with the requirements of the Academies Financial Handbook 2017. 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.

28 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government Grant was received, the 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.

29 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

THE LINCOLNSHIRE EDUCATIONAL TRUST LIMITED

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 2018 the trust received £43,145 (2017 - £44,560) and distributed £36,727 (2017 - £38,502) from the fund. The balance of £6,418 (2017 - £0) will be distributed to students in the coming year.

31 CONTROLLING PARTY

The Trustees have ultimate control of the Trust.

32 CONVERSION TO AN ACADEMY TRUST

On 1 June 2018 Holbeach Bank Academy, 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 £nil consideration.

The transfer has been 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.

	Unrestricted funds £	Restricted funds £	Restricted fixed assets funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	1,209,000	1,209,000
Other assets				
LGPS pension deficit	-	(43,000)	-	(43,000)
	-	(43,000)	1,209,000	1,166,000

No cash was transferred upon conversion.